11/13/86 56615-2

OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

OCTOBER 1986

SEPTEMBER INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
Sept. 1986	9.0
Aug. 1986	9.3
Sept. 1985	8.9
U.S.	
Sept. 1986	7.0
Aug. 1986	6.8
Sept. 1985	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
Sept. 1986	112.4
Aug. 1986	112.5
July 1986	111.9
June 1986	112.2
May 1986	112.1

DIFFUSION INDEX

Oregon	
Sept. 1986	49.6
Aug. 1986	49.6
July 1986	43.0
June 1986	47.7
May 1986	48.4

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Aug. 1986	38.7
July 1986	37.9
Aug. 1985	38.6

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Sept. 1986	318.0
Yearly Change	+ 1.0%
U.S.	
Sept. 1986	330.2
Yearly Change	+ 1.8%

Portland Hotline 221-4132

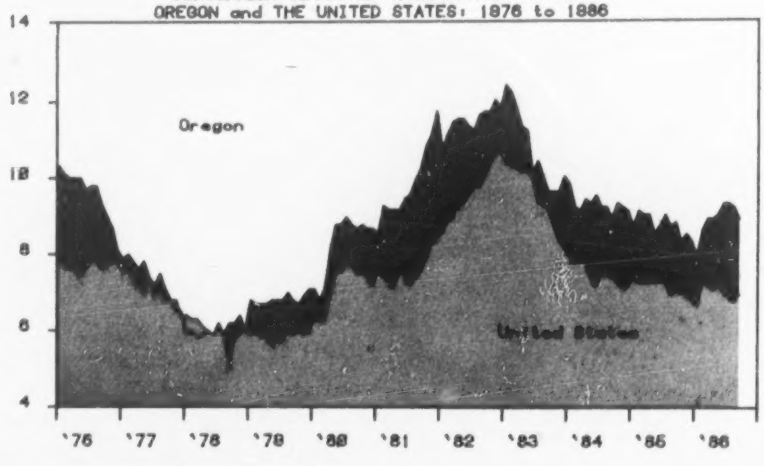
UNEMPLOYMENT RATE DROPS TO 9.0%

Arthur Ayre

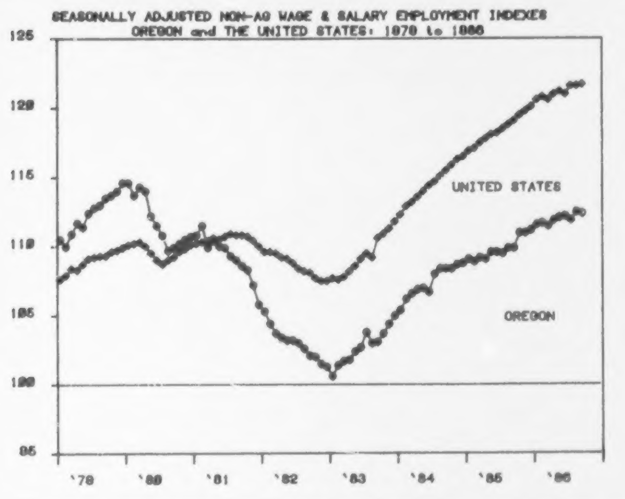
Oregon's seasonally adjusted unemployment rate fell from August's 9.3% to 9.0% in September. The improvement came as a result of a 20,100 increase in total employment and a 7,900 drop in total unemployment. In contrast, the national seasonally adjusted unemployment rate, which has been declining unevenly for several years, rose from August's 6.8% to 7.0% in September. Unemployment in the U.S. rose by 60,000 and employment sagged by 1,286,000 last month. Tourism aided Oregon's nonmanufacturing employment, while manufacturing employment remained in the doldrums despite a weaker dollar. These factors are discussed later in this article.

The big growth in Oregon's employment over the month was due to the opening of primary and secondary schools. State educational employment rose 200 while local education added 12,600 employes. Combined with the gains and losses of several other industries, the increases in educational employment pushed nonmanufacturing wage and salary employment up 12,000 in September to 863,300, just 800 below June's all-time high. Several nonmanufacturing industries, including hotels, auto repair, private education, and hospitals, posted all-time highs for September employment. Several others, including trucking and warehousing, health services other than hospitals, and restaurants and bars, reached all-time high levels for any month.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only



The reader may have noticed that several of the industries posting historically high levels of employment are influenced by tourism. Indeed, September 1986 set a record for visitors to the State's six border information centers. The centers greeted 35% more visitors than in September 1985 and 21% more than the previous September record high in 1983. According to the Economic Development Department's Tourism Division, almost 25% of those visitors were traveling to or from Expo '86. Centers located along Route 101 and I-5 saw the greatest gains in numbers of visitors in September, while I-84 centers showed strong gains earlier in the summer. The Tourism Division's survey suggests that visitors traveling to or from Expo '86 spent, on average, just under four days in Oregon.

Focusing on the nonmanufacturing industries themselves, we find that construction added 100 jobs in September instead of its normal loss of about 200; it now stands 1,100 jobs above last September's employment. General building contractors -- those involved in residential construction -- recorded their highest September employment since 1980. Within transportation, railroad employment is continuing its slow decline, while trucking and warehousing is experiencing record high employment. The return of school buses to the roads helped boost other transportation employment by 400.

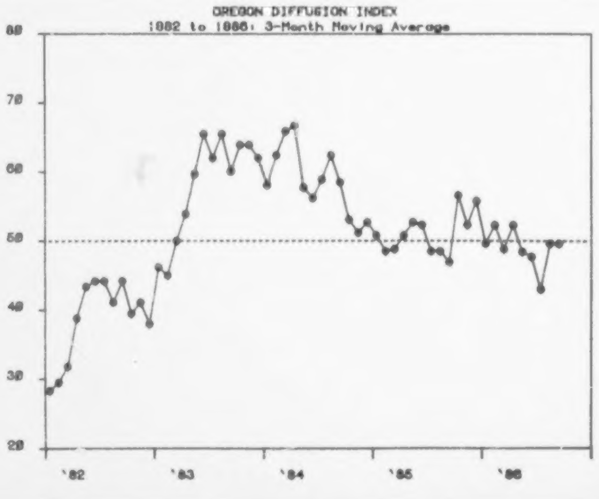
Trade followed a generally normal pattern for September. Growth by produce distributors helped push up employment in nondurable goods wholesaling by 1,100. Retail trade gained 600 employes in September, with growth concentrated in service station employment (+200). Finance, insurance, and real estate employment declined by 600 in September with the normal seasonal slowing in real estate.

Services' gain of 500 jobs was 1,100 below the seasonally expected increase, due to weakness in business services (-900). Nevertheless, health services employment (+400) set a new high, and services as a whole employed 12,600 more than a year ago (+5.8%). And in government, the extinguishing of Oregon's forest fires ended about 1,500 firefighting jobs, which helped push federal government employment down by 2000. The large September increase in local education, mentioned above, precedes sizeable gains in employment in community and State colleges, which begin classes later than primary and secondary schools. October's statistics will reflect this growth in community and State college employment.

While the news from the nonmanufacturing sector remains fairly upbeat, many manufacturing industries continue to exhibit the weakness in employment that began as long ago as 1980. Total manufacturing employment declined by 700 in September and now stands 2,000 below last year's level. Most of this annual drop occurred in durable goods, especially in instruments and related products (at its lowest level since early 1976), and in machinery manufacturing (which includes electronic calculators & computing equipment - at its lowest level since May 1980). Fabricated metals, primary metals, and electrical equipment & supplies also suffered substantial employment losses over the year.

Two bright spots within durable goods manufacturing were lumber and wood products (+900 in September) and transportation equipment (+600). The gain in lumber and wood products employment came with the recent union contract settlements and return to work of most of the workers involved in labor-management disputes. A few hundred workers remained on strike in September, but are expected to be back at work in October. Overall, lumber and wood products employment now stands 900 above last September's level. (On October 16, the U.S. Department of Commerce decided to impose a 15% tariff on Canadian lumber imports. The effect of this tariff on lumber and wood employment will undoubtedly be reported in upcoming issues of the Trends.) Transportation equipment manufacturing also showed monthly and annual gains in September, due in part to marine repair contracts.

Nondurable goods employment followed seasonal patterns, with food and kindred products losing 900 employes and the other nondurable goods industries showing little employment change. However, one industry to notice is printing and publishing, which grew by 500 jobs over the year. The component of this industry which excludes newspapers is at its highest employment ever.



Beginning in early 1985, the Federal government attempted to reduce the value of the dollar relative to foreign currencies and thereby make American goods more competitive overseas. The change in value was expected to improve exports of both manufactured goods and commodities. Recent news articles in the press have publicized a recalculation of the Federal Reserve Board's estimate of the decline in the value of the dollar. Revised estimates by Manufacturer's Hanover economists reportedly peg the dollar's decline in value at between 4% and 5% since early 1985, rather than the 30% or more estimated by the Fed. The revision weights the dollar's value based on U.S. trade rather than world trade, and includes the currencies of a broader range of countries. The remarkable difference in the estimate of the dollar's loss in value might well lead one to gasp, "That's why our balance of trade hasn't improved!" Arguments over trade barriers notwithstanding, the revised estimate certainly does help explain the Nation's abysmal imbalance of trade. Oregon, however, is not in the same boat (perhaps not even the same ocean) as the rest of the Nation, because most of Oregon's foreign trade is with a country whose currency has strengthened dramatically.

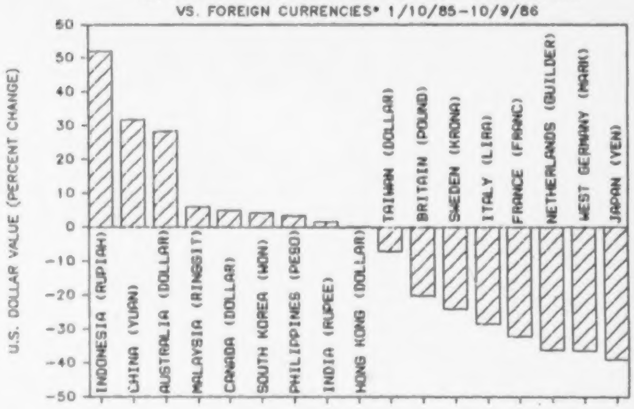
About 60% of Oregon's total trade (both imports and exports, as reported by the U.S. Department of Commerce) is conducted with Japan, a country which took part in the concerted effort to lower the lofty value of the dollar. Between January 10, 1985 and October 9, 1986, the dollar's value fell about 39% against the yen. Theory has it that this change makes Japanese goods more expensive (thus less competitive) in the United States and makes our products cheaper and therefore more competitive in Japan. The end result of this change should be stronger manufacturing employment and a boost to the general economy in the United States (and naturally the opposite effect in Japan).

Since such a large part of Oregon's trade is with Japan, reason dictates that our State's economy and employment should experience a disproportionate improvement as the dollar's value declines against the yen. The fact that this improvement has eluded those industries which should benefit most by a drop in the dollar's value -- those manufacturing industries that can export a tangible product -- leads one to conclude that there are other factors involved. Among these factors, we can expect to find regulatory and economic trade barriers, worldwide gluts of some products, the working out of over-expansion following an industry boom period, and genuine differences in costs of production (due to the abundance of cheap labor, lax or nonexistent environmental laws, less stringent worker's compensation or protective regulations, etc.). Another factor, which is noted in the 1985 Economic Report of The President, is the relatively weaker growth in foreign countries than in the U.S., resulting in poor overseas markets for our products and strong domestic consumption of both U.S. and foreign goods.

Compounding these factors which militate against greater employment in Oregon is the fact that the dollar's value has actually increased against the currencies of several of our trading partners. For example, over the past 22 months, the dollar has gained value against the Chinese yuan (+32%), the Australian dollar (+28%), the Canadian dollar (+5%), the South Korean won (+4%), and the Philippines peso (+3%). While 62.3% of Oregon's softwood log exports were shipped to Japan in 1985, another 34.2% were shipped to China (according to the Western Wood Products Association), where a stronger dollar and weaker yuan can be expected to make American logs more expensive. At the same time, goods made in China, such as clothing, should now be cheaper for us to import, thus adding to our trade deficit.

In summary, increased tourism can be credited with creating some of the nonmanufacturing sector's employment gains, while a complex potpourri of factors continues to bedevil many of Oregon's manufacturing industries. □

CHANGE IN VALUE OF DOLLAR
VS. FOREIGN CURRENCIES* 1/10/85-10/9/86



* OREGON'S MAJOR TRADING PARTNERS

LMI DIRECTORY NOW AVAILABLE

What phone number should you call when you need occupational wage information? Which publication would you request for an economic analysis of a local area? Who is your local labor economist and what information and services are available through this person? The updated Labor Market Information (LMI) Directory answers these questions and more.

The LMI Directory includes sections covering: LMI services, descriptions of publications; a table cross-referencing subjects and publications; whom to call for specific labor market information; where to contact your local labor economist; other published sources of related information; publications available through the Economic Development Department; and the addresses and phone numbers of local Employment Division offices.

You may request a copy of the updated LMI Directory, at no charge, by contacting Research and Statistics at 378-8657 or by writing to:

Oregon Employment Division
Research & Statistics - Room 207
875 Union St NE
Salem OR 97311 □

HOURS & EARNINGS

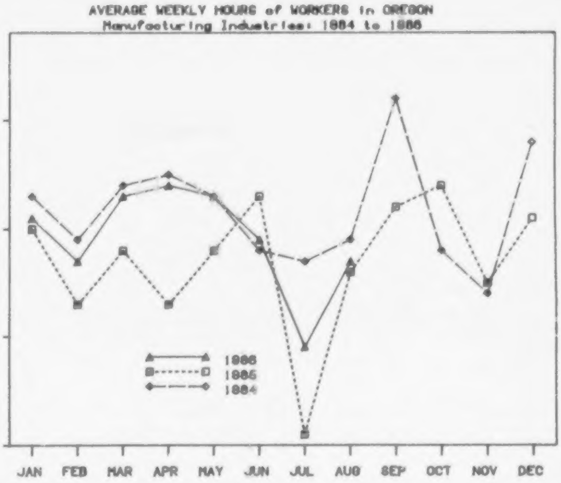
David Cooke

Looking at the accompanying graph of average weekly hours for manufacturing workers, the most notable anomaly is the dip during July. The average hours worked by production workers dropped from 38.9 in June to 37.9 in July, then rebounded to 38.7 in August. This fluctuation closely follows a similar pattern that was evident in 1985.

One cause of the July drop in hours was the effect of labor-management disputes in lumber and wood products. Fewer days were worked due to these disputes, and therefore, fewer hours were recorded. Another reason for the drop was the increased proportion of canning and preserving workers in the labor force. When more people are hired in this industry, which averages about 35 hours per week, the total manufacturing average hours per week falls.

Another trend in this year's data is a steady decline from May to August in average manufacturing hourly earnings. While this is partly due to seasonality, it also reflects labor-management disputes in lumber and wood products and negotiated wage reductions. Hourly earnings in logging and sawmills averaged $11.34, a decrease of 34¢ from the previous month and 56¢ from one year ago. It was also the lowest level since May, 1982.

A notable exception to the decline in manufacturing average hourly earnings was printing and publishing. Several commercial printing firms helped boost this industry's average earnings by 69¢ an hour over the month.□



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Aug. 2/ 1986	July 3/ 1986	Aug. 1985	Aug. 2/ 1986	July 3/ 1986	Aug. 1985	Aug. 2/ 1986	July 3/ 1986	Aug. 1985
TOTAL MANUFACTURING 4/	$399.38	$399.47	$395.65	38.7	37.9	38.6	$10.32	$10.54	$10.25
Durable Goods	412.62	408.87	415.52	39.0	38.5	39.2	10.58	10.62	10.60
Lumber & Wood Products	417.98	411.92	428.29	39.1	38.0	38.9	10.69	10.84	11.01
Logging & Sawmills	437.72	446.18	451.01	38.6	38.2	37.9	11.34	11.68	11.90
Veneer & Plywood	417.10	386.77	427.73	39.8	36.8	39.9	10.48	10.51	10.72
Millwork & Struct Wood	355.02	348.66	353.33	39.8	39.0	40.8	8.92	8.94	8.66
Mobile Homes	328.90	313.85	309.59	38.2	36.2	36.9	8.61	8.67	8.39
Other Wood Products	415.35	409.93	445.94	39.0	38.6	40.8	10.65	10.62	10.93
Furniture & Fixtures	302.64	310.47	304.67	38.9	39.3	37.2	7.78	7.90	8.19
Primary Metals	455.81	454.21	499.28	38.4	37.6	40.2	11.87	12.08	12.42
Fabricated Metals	391.20	396.61	384.55	40.0	39.9	39.2	9.78	9.94	9.81
Machinery	429.73	415.87	412.78	38.3	38.4	39.2	11.22	10.83	10.53
Nondurable Goods	370.16	376.38	349.31	38.2	36.4	37.2	9.69	10.34	9.39
Food & Kindred Products	298.37	301.40	277.70	38.4	35.5	36.3	7.77	8.49	7.65
Canning & Preserving	254.51	251.16	231.62	38.1	34.5	35.2	6.68	7.28	6.58
Other Food Products	418.03	400.13	407.40	39.4	37.5	39.4	10.61	10.67	10.34
Textile Mill Products	217.43	218.35	210.79	34.9	33.8	33.3	6.23	6.46	6.33
Apparel	195.31	162.43	215.39	33.5	28.2	38.6	5.83	5.76	5.58
Paper & Allied Products	610.47	626.13	594.14	39.9	40.5	40.5	15.30	15.46	14.67
Printing & Publishing	449.65	403.48	397.95	37.1	35.3	35.0	12.12	11.43	11.37
Construction 4/	491.99	479.00	509.01	37.3	35.8	37.1	13.19	13.38	13.72
Communications & Utilities 5/	507.53	499.32	490.86	40.7	40.3	40.5	12.47	12.39	12.12
Trade 5/	288.01	287.53	289.00	34.7	34.6	34.0	8.30	8.31	8.50
Wholesale Trade	378.97	380.25	396.52	37.3	37.5	38.2	10.16	10.14	10.38
Retail Trade	243.82	243.36	239.15	33.4	33.2	32.1	7.30	7.33	7.45
Banking & Insurance	301.18	302.75	281.33						
State & Local Government	374.80	375.52	365.75						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

RESIDENT OREGON LABOR FORCE

	SEPT. 1986 1/	AUG. 1986 2/	CHANGE	% CHANGE	SEPT. 1985 5/
CIVILIAN LABOR FORCE 3/	1,389,100	1,376,900	12,200	0.9	1,333,200
UNEMPLOYMENT	106,300	114,200	- 7,900	- 6.9	100,000
PERCENT OF LABOR FORCE	7.7	8.3	XXX	XXX	7.5
SEASONALLY ADJUSTED PERCENT	9.0	9.3	XXX	XXX	8.9
TOTAL EMPLOYMENT 4/	1,282,800	1,262,700	20,100	1.6	1,233,200

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	SEPT. 1986 1/	AUG. 1986 2/	SEPT. 1985	CHANGE FROM AUG. 1986	CHANGE FROM SEPT. 1985
TOTAL 3/	1,069,900	1,058,600	1,047,200	11,300	22,700
WAGE & SALARY EMPLOYMENT INDEX 4/	112.4	112.5	109.9	XXX	XXX
DIFFUSION INDEX 5/	49.6	49.6	46.9	XXX	XXX
TOTAL MANUFACTURING	206,600	207,300	208,600	- 700	- 2,000
DURABLE GOODS	145,800	145,600	147,700	200	- 1,900
LUMBER & WOOD PRODUCTS	66,700	65,800	65,800	900	900
LOGGING & SAWMILLS	35,300	35,100	35,100	200	200
VENEER & PLYWOOD	16,900	15,800	16,300	1,100	600
MILLWORK & STRUCTURAL WOOD	9,200	9,500	9,100	- 300	100
MOBILE HOMES	1,600	1,600	1,500	0	100
OTHER WOOD PRODUCTS	3,700	3,800	3,800	- 100	- 100
FURNITURE AND FIXTURES	2,800	2,900	2,800	- 100	0
STONE, CLAY, GLASS & CONCRETE	3,200	3,300	3,200	- 100	0
PRIMARY METALS	8,300	8,600	8,800	- 300	- 500
BLAST FURNACES, IRON & STEEL	5,300	5,500	5,600	- 200	- 300
NONFERROUS METALS	3,000	3,100	3,200	- 100	- 200
FABRICATED METALS	10,900	11,100	11,800	- 200	- 900
FABRICATED STRUCTURAL METALS	5,000	5,200	5,900	- 200	- 900
OTHER FABRICATED METALS	5,900	5,900	5,900	0	0
MACHINERY	14,400	14,700	15,600	- 300	- 1,200
ELECTRICAL EQUIPMENT & SUPPLIES	13,400	13,300	13,900	100	- 500
TRANSPORTATION EQUIPMENT	11,200	10,600	8,800	600	2,400
INSTRUMENTS & RELATED PRODUCTS	12,200	12,600	14,500	- 400	- 2,300
MISCELLANEOUS MANUFACTURING	2,700	2,700	2,500	0	200
NONDURABLE GOODS	60,800	61,700	60,900	- 900	- 100
FOOD & KINDRED PRODUCTS	29,500	30,400	30,000	- 900	- 500
CANNING & PRESERVING	19,100	19,900	19,400	- 800	- 300
OTHER FOOD PRODUCTS	10,400	10,500	10,600	- 100	- 200
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,200	2,100	2,400	100	- 200
PAPER & ALLIED PRODUCTS	9,400	9,400	9,500	0	- 100
PRINTING & PUBLISHING	12,000	11,900	11,500	100	500
CHEMICALS & ALLIED PRODUCTS	2,000	2,100	1,900	- 100	100
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,200	3,200	3,100	0	100
LEATHER PRODUCTS	500	600	500	- 100	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	SEPT. 1986	AUG. 1986	SEPT. 1985	AUG. 1986	SEPT. 1985
(CONT.)					
TOTAL NONMANUFACTURING	863,300	851,300	838,600	12,000	24,700
MINING & QUARRYING	1,900	1,800	1,900	100	0
CONSTRUCTION	36,300	36,200	35,200	100	1,100
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	59,300	58,500	59,300	800	0
TRANSPORTATION	38,000	37,100	37,200	900	800
RAILROAD	4,600	4,600	5,000	0	- 400
TRUCKING & WAREHOUSING	22,000	21,500	20,800	500	1,200
OTHER TRANSPORTATION	11,400	11,000	11,400	400	0
COMMUNICATIONS	12,900	12,900	13,400	0	- 500
UTILITIES	8,400	8,500	8,700	- 100	- 300
TRADE	269,600	267,900	264,900	1,700	4,700
WHOLESALE TRADE	68,600	67,500	68,200	1,100	400
DURABLE GOODS	39,400	39,400	39,600	0	- 200
NONDURABLE GOODS	29,200	28,100	28,600	1,100	600
RETAIL TRADE	201,000	200,400	196,700	600	4,300
GENERAL MERCHANDISE	25,900	25,800	25,000	100	900
FOOD STORES	31,300	31,400	29,700	- 100	1,600
AUTO DEALERS & SERVICE STATIONS	25,300	25,000	25,000	300	300
OTHER RETAIL TRADE	118,500	118,200	117,000	300	1,500
FINANCE, INSURANCE, & REAL ESTATE	71,100	71,700	67,800	- 600	3,300
BANKING & CREDIT AGENCIES	24,000	24,100	23,900	- 100	100
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,100	47,600	43,900	- 500	3,200
SERVICES	231,600	231,100	219,000	500	12,600
HOTELS & PERSONAL SERVICES	26,400	26,600	24,900	- 200	1,500
HEALTH SERVICES	74,600	74,200	70,300	400	4,300
OTHER SERVICES	130,600	130,300	123,800	300	6,800
GOVERNMENT	193,500	184,100	190,500	9,400	3,000
FEDERAL GOVERNMENT	29,000	31,000	29,400	- 2,000	- 400
STATE GOVERNMENT	51,400	51,700	50,500	- 300	900
EDUCATION	18,700	18,500	18,200	200	500
OTHER STATE	32,700	33,200	32,300	- 500	400
LOCAL GOVERNMENT	113,100	101,400	110,600	11,700	2,500
EDUCATION	68,300	55,700	67,500	12,600	800
OTHER LOCAL	44,800	45,700	43,100	- 900	1,700
LABOR-MANAGEMENT DISPUTES	800	2,000	100	- 1,200	700

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

OREGON EMPLOYMENT PROJECTIONS—THE INDUSTRIAL PERSPECTIVE

Dwayne Stevenson

Each year the Employment Division forecasts Oregon's wage and salary employment. This year statewide projections were made for 1992. In addition, local labor market economists made projections for each of 14 districts within Oregon. These are incorporated into the industry-occupation matrices. This month we will look at the industrial perspective. Next month a view of the occupational side will be presented.

Forecasts of wage and salary employment are made by analyzing historical trends and econometric data for each three-digit SIC (Standard Industrial Classification) code. The major exception is agricultural production where the projection includes only employment covered by unemployment insurance, rather than all wage and salary workers. The projections are made from one point in the business cycle, but discount the cycle's influence in the future by following what is called the secular trend. This provides us with employment data which reflect an average of the probable economic scenarios for the projection year. Finally, the projections are reviewed by Employment Division economists and analysts who take into account their own knowledge of industrial and economic trends as well as forecasts made by the Bonneville Power Administration and the Oregon Executive Department. An accompanying table shows employment estimates by industry for both 1979 and 1984 as well as the 1992 projections.

When looking at employment forecasts, many wish to know which industries have the highest or fastest growth, or the largest or quickest decline. While this information may be headline material, it is often quite misleading. What at first appears to be growth may, upon further analysis, be recovery or decline. And what appears to be decline may, from another perspective, be the improving health of an industry. Specific instances will be seen in the industrial analyses later. First, though, we will look at some regional employment trends in Oregon.

TOTAL WAGE & SALARY EMPLOYMENT BY DISTRICT

District*	1984	1992 (Proj.)	% Change
1	36,029	39,022	8.3%
2	495,718	561,700	13.3%
3	106,159	119,023	12.1%
4	54,718	58,714	7.3%
5	97,370	109,567	12.5%
6	30,320	33,354	10.0%
7	22,785	24,099	5.8%
8	59,557	66,994	12.5%
9	14,540	15,273	5.0%
10	29,521	34,274	16.1%
11	21,173	22,691	7.2%
12	25,964	27,400	5.5%
13	13,996	14,985	7.1%
14	11,719	12,884	9.9%

*Governor's Administrative Districts

Growth rates for the 14 districts range from about 5% to over 16%. With the State average at just under 12%, only Central Oregon and the four metropolitan areas of Portland, Salem, Eugene, and Medford are projected to grow faster. At the low end are the economies of the south coast and north central Oregon. These areas of the State rely heavily on natural resources. However, improvements in Columbia River navigation, a strengthening of the competitive position of Coos Bay's port, and the reopening of a smelter here and a sawmill there may brighten the outlook in these regions. Overall, jobs are expected to be created more rapidly and in larger numbers in the urban areas of the State than in the more rural regions. More detailed information is available from the Employment Division's area labor market economists.

Turning now to statewide industry trends, we can see from the accompanying table that 1984-92 growth rates in both durable and nondurable manufacturing are similar. This might lead one to think that all manufacturing industries are headed in the same direction. A closer look, however, reveals that there is great diversity among individual industries, including quite different employment trends. While nondurable goods manufacturing barely changes from 1979 to 1992, the 12% employment decline in durable goods reflects some real economic shifts.

The decline in lumber and wood products has probably been the most publicized in the last few years. While it is true that about 15,000 jobs have been lost since 1979, this industry's production levels are currently as high as they have ever been. Industry experts knew in the late 1970s that many mills were facing obsolescence within a decade. The sharp recession compressed those shutdowns into two or three years. In addition, strong competition from both the southern U.S. and Canada has forced remaining mills to be more efficient. Many have used a combination of retooling and wage cuts to survive.

Veneer and plywood mills may face further cutbacks in the future if plywood cannot maintain its differentiation from other panel products. Demand for substitute paneling has grown substantially in recent years. While that alone would not be bad news for Oregon, the fact is that they are being made elsewhere from a variety of wood chips. However, with the maintenance of our large forest resource base and further improvements in mill productivity, Oregon should increase its share of total lumber and wood production over time. As a result, our lumber and wood products industry should emerge from this retrenchment both stronger and healthier.

Commodity price deflation, which has affected timber, has impacted metals to an even greater degree. Recent on-again off-again activity in both aluminum and nickel smelting are a result. The bright spot in primary metals is titanium and steel casting for defense contracts. The key to remaining

OREGON EMPLOYMENT BY INDUSTRY

	1979	1984	1992 (proj.)	% Change 1979-1992	% Change 1984-1992
TOTAL WAGE & SALARY EMPLOYMENT	1,072,900	1,026,171	1,148,082	7.0%	11.8%
MANUFACTURING	228,500	201,001	207,561	-9.2%	3.3%
Durable Goods	171,800	146,523	151,290	-11.9%	3.3%
Lumber & Wood Products	81,200	66,572	62,300	-23.3%	-6.4%
Furniture & Fixtures	2,900	2,633	2,630	-9.3%	-0.1%
Stone, Clay, Glass & Concrete Prod.	4,400	2,912	3,200	-27.3%	9.9%
Primary Metals	11,100	9,047	8,645	-22.1%	-4.4%
Fabricated Metal Products	13,700	10,454	11,930	-12.9%	14.1%
Machinery, except Electrical	17,300	15,623	18,250	5.5%	16.8%
Electrical Equipment & Supplies	8,600	13,869	15,650	82.0%	12.8%
Transportation Equipment	12,200	8,461	10,840	-11.2%	28.1%
Instruments & Related Products	18,200	14,358	14,705	-19.2%	2.4%
Misc. Manufacturing Industries	2,200	2,594	3,140	42.7%	21.1%
Nondurable Goods	56,700	54,478	56,271	-0.8%	3.3%
Food & Kindred Products	25,200	24,058	23,750	-5.8%	-1.3%
Textile Mill Products	2,200	1,721	1,545	-29.8%	-10.2%
Apparel	3,500	2,819	2,555	-27.0%	-9.4%
Paper & Allied Products	9,800	9,013	9,100	-7.1%	1.0%
Printing & Publishing	10,000	11,006	12,910	29.1%	17.3%
Chemicals & Allied Products	2,400	2,120	2,210	-7.9%	4.3%
Petroleum Refining	700	481	330	-52.9%	-31.4%
Rubber & Plastic Products	2,600	2,809	3,411	31.2%	21.4%
Leather Products	300	451	460	53.3%	2.0%
NONMANUFACTURING	844,400	825,170	940,521	11.4%	14.0%
Agriculture, Forestry & Fishing	16,700	22,404	21,845	30.8%	-2.5%
Mining	2,400	1,602	1,368	-43.0%	-14.6%
Construction	53,000	30,012	38,000	-28.3%	26.6%
Transportation	36,000	34,086	39,175	8.8%	14.9%
Communication	15,800	14,165	15,360	-2.8%	8.4%
Utilities	8,200	8,606	8,530	4.0%	-0.9%
Wholesale Trade	67,000	64,764	76,200	13.7%	17.7%
Retail Trade	189,800	188,417	214,710	13.1%	14.0%
Finance, Insurance & Real Estate	69,100	65,974	72,060	4.3%	9.2%
Services	185,700	201,700	242,354	30.5%	20.2%
Government	200,700	193,440	210,919	5.1%	9.0%

successful will be the ability of these firms to transfer their technology to other kinds of projects when defense spending declines.

Producers of fabricated metal products have experienced the boom-and-bust cycle in two different areas. Manufacturers of saws have experienced swings in employment in response to demand from lumber and wood products. More recently, the fabrication of oil drilling modules for Alaska's North Slope has presented several Oregon communities with even more dramatic increases and declines in employment. While module construction is now curtailed due to low oil prices, it has given exposure to Oregon's ports.

Though several machinery firms have been successful in exporting specialty products, most attention in this industry has been devoted to office and computing machines. This 'high tech' industry has experienced strong gains over the past decade. The focus of Oregon's manufacturers on leading edge and systems technology, rather than low-end mass production, bodes well for their future.

Another industry which is considered 'high tech' is electrical and electronic equipment. Circuit board, microchip, and fiber optic cable manufacturing capacity will expand as more firms open plants in Oregon. Employment will also continue to grow but at a much slower pace than it has. Instruments and related products has experienced a steady decline in a period when most 'high tech' industries have encountered strong growth. Industrial spinoffs will probably mitigate any further declines in this industry.

Transportation equipment has several components that often go in different directions at the same time. The shipyards in Portland face strong competition for repair and overhaul contracts. However, with recent access to Navy jobs, their future looks considerably brighter. Demand for recreational vehicles has boosted employment levels for motor vehicles and equipment, and new products have improved the outlook in railroad equipment. Overall, the projected employment increase in these industries still does not counter the decline in aircraft and parts employment since 1979. However, this new mix should tend to provide more stable employment levels in the long run.

In nondurable goods, long-term employment declines for food and kindred products reflect high transportation costs to major U.S. markets. These losses have slowed as manufacturers rely more on frozen food and specialty markets, especially those in the Pacific Rim. In addition, jobs are becoming less seasonal as many canneries switch to freeze-repack production.

Paper and allied products has probably been one of the most reliable pillars of local economies. Its well-paying jobs, which are more resistant to the business cycle, are highly sought. However, not all plants which became outdated were retooled and reopened.

Printing and publishing has grown 10% from 1979 to 1984. The main cause has been use of print shops as a business service. Employment in commercial printing has grown by 20% since 1979. Technology may soon replace these printshops with computer-related print capabilities. If so, growth in this sector could be quickly curtailed.

Over 90 percent of the job growth between 1984-1992 is expected to come in nonmanufacturing industries. Not all sectors, however, will share in this growth. Mining, for example, is projected to decline, although there is a wild card. Gold mining may yet take off in south central and northeastern Oregon. Current gold recovery techniques in use in Nevada may make production feasible here. If not, the outlook for mining is bleak, especially with the recent shutdown of the only nickel mine in the U.S.

Construction employment, which peaked at 53,000 in 1979 and bottomed out at 27,000 in 1983, has since climbed above 34,000. The table shows a 27% growth rate from 1984 to 1992. In the context of historical data, it is readily seen that this is recovery and not growth. The late 1970s exhibited un-sustainable employment levels in construction, and we lost 50% of those jobs in the early 1980s. We have gotten off that roller coaster and appear to be headed to more stable employment levels in the mid to high 30,000 range.

Deregulation has heavily impacted the transportation industry. The resulting competition appears to have created more jobs. However, it is quite difficult to separate its impact from the growing importance of Portland as a major transportation hub and of the I-5 and Columbia River transportation corridors. Local transportation, trucking, and air transport are projected to be the big gainers.

The breakup of AT&T combined with deregulation appears to have reduced the number of jobs in communications. However, several activities, such as sales and production of yellow pages, have been transferred to other industry categories. Consequently, what appears to be a decline is actually an increase in employment for communication.

The two major divisions of trade exhibit significantly different trends. Wholesale trade has been reasonably stable or has shown slow but steady growth. Retail trade, however, shows one trend on the surface and another one after further analysis. While employment increased by 1.4% from 1979 to 1985, workers averaged nearly one hour less per week. As a result, total hours worked in retail trade has declined 1.4% from its peak in 1979. Therefore, retail trade, while appearing to grow larger, has actually grown smaller.

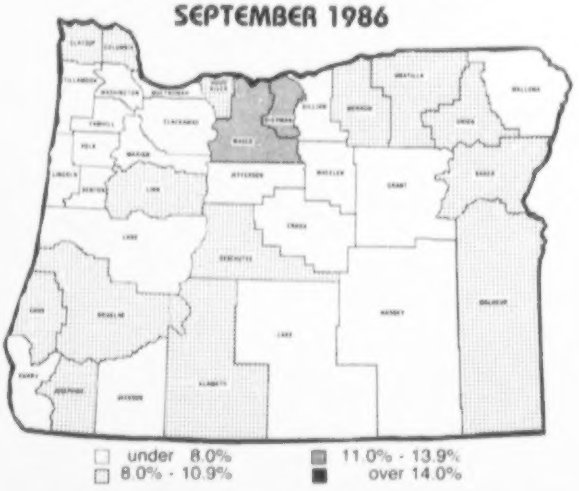
Divergent trends are also at work in finance, insurance, and real estate. The effects of technology have reined in employment in banking, while deregulation has fostered growth in other credit agencies. Growth for securities brokers and insurance carriers is expected to be above average from 1984 to 1992.

Employment growth in services is expected to continue strong into the future. However, underlying factors may reduce this apparent increase to a significant degree. We have noted the transfer of large groups of employees from communication to business services. What may be having even greater impact is the contracting out of various services by non-service industry employers, including the government. Janitors, clerks, and accountants who once were counted as manufacturing or other non-service industry workers are now increasing the count of service industry employment. These types of transfers could rightly be excluded from the concept of growth. Another factor is the suspected increase in part-time service workers which could have an impact similar to that in retail trade. Finally, production of computer software is found in business services. Whether such activities should be included in manufacturing, like publishing, is a matter of debate.

Government employment should continue to feel the effects of revenue restraint and reduction efforts. However, the reality of demographics will start to impact employment levels. The 'echo boom' children who are entering school should increase employment by about 6,000 in elementary and secondary schools. This represents more than a third of all projected new jobs in government between 1984 and 1992.

In conclusion, Oregon's economy should continue to provide more jobs at a moderate, steady rate. While employment increases, though, the more important consideration may be the qualitative aspects of these jobs. Also, it is not just the new jobs that are exhibiting changes in hours worked, rate of pay, stability, and security of employment. The impact, for instance, of lower wages in the lumber and wood products industry has yet to be seen. But whatever the future holds, one thing that will remain constant is change.□

STATE OF OREGON
Unemployment Rates by Area
SEPTEMBER 1986



EMPLOYERS CORNER— JSEC SEMINARS FOR EMPLOYERS

Dorothy Monnier

Local Job Service Employer Committees have scheduled the following seminars for employers during November and December:

Topic: Legislative Update
Description: State JSEC legislative task force representative will discuss upcoming legislation on Unemployment Insurance and Workers' Compensation. Employment Division Administrator Ray Thorne will be the luncheon speaker.
Location: Monarch Hotel, Clackamas
Time: November 18, 1986 - 8:00 AM to 1:30 PM

Topic: Measuring Productivity
Description: OSU Productivity Center will discuss improving and measuring productivity. Employers will learn ways to boost quantity and quality of output, employee attitudes, supervising practices, adequacy of equipment, and much more.
Location: Chumaree Comfortel, Salem
Time: November 20, 1986 - 7:30 AM to 1:30 PM

Topic: Developing Personnel Policies & Employee Handbooks.
Description: Joe Brislin, Director of Special Services for the Timber Operators Council, will discuss the importance of good personnel policies, legal implications, and the guidelines for establishing policy and handbooks.
Location: Roseburg Country Club, 5051 Garden Valley Road
Time: December 2, 1986 - 8:00 AM to 1:30 PM

Topic: Buying Workers' Compensation
Description: Phil Dollar, Branch Manager for Employer's Unity, will discuss the Workers' Compensation Law, premium components, and securing coverage.
Location: Takeena Lodge, Albany
Time: December 4, 1986 - 8:00 AM to 12:00 Noon

For more information on these or other JSEC seminars please contact Dorothy Monnier at 378-4446 in Salem. □

NEW LABOR SURPLUS AREAS DESIGNATED

Each year the U.S. Department of Labor issues a list of areas throughout the country that have high unemployment rates. Employers located in these high unemployment, or "labor surplus", areas are potentially eligible for bidding preference on certain Federal procurement contracts. Normally, the new lists are issued by the Labor Department in September and are effective from October 1 through September 30.

This year, the Labor Department is extending the effective date of the October 1985-September 1986 list of labor surplus areas until further notice, while the Department completes implementation of the labor surplus area provisions of public law 99-272. The new law reduces the population criterion for labor surplus areas from 50,000 to 25,000. The FY 1987 labor surplus area list will be published when it is available in an upcoming issue of Oregon Labor Trends.

Employers interested in bidding on Federal contracts should consult the Commerce Business Daily which lists Federal contracting requirements and indicates those to be awarded under preference procedures. The Seattle Business Service Center of the General Services Administration can provide additional information concerning Federal contracting opportunities in Alaska, Idaho, Oregon, and Washington.

Contact: General Services Administration
442 Federal Bldg.
915 Second Avenue
Seattle WA 98174
Attn: Wiletta Brown
Ph. (206) 442-5556 □

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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EMPLOYMENT DIVISION
DEPARTMENT OF HUMAN RESOURCES
875 UNION STREET N.E.
SALEM, OREGON 97311

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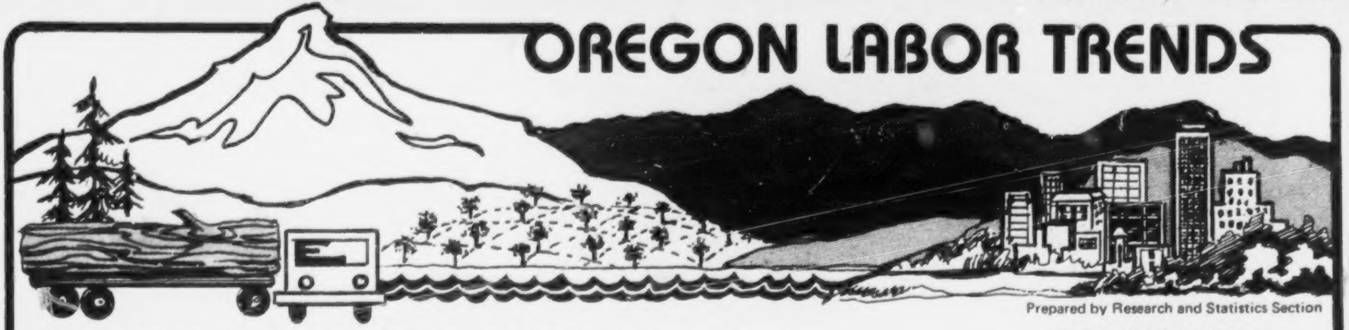


OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

NOVEMBER 1986

OCTOBER INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
Oct.	1986	8.1
Sept.	1986	9.1
Oct.	1985	8.4
U.S.		
Oct.	1986	7.0
Sept.	1986	7.0
Oct.	1985	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
Oct.	1986	113.2
Sept.	1986	112.2
Aug.	1986	112.5
July	1986	111.9
June	1986	112.2

DIFFUSION INDEX

Oregon		
Oct.	1986	52.3
Sept.	1986	50.8
Aug.	1986	49.6
July	1986	43.0
June	1986	47.7

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Sept.	1986	38.7
Aug.	1986	38.7
Sept.	1985	39.2

CONSUMER PRICE INDEX (CPI)

1967=100

ALL URBAN CONSUMERS

Portland MSA	
Sept. 1986	318.0
Yearly Change	+ 1.0%
U.S.	
Oct. 1986	330.5
Yearly Change	+ 1.5%

Portland Hotline 221-4132

PUTTING IT TOGETHER

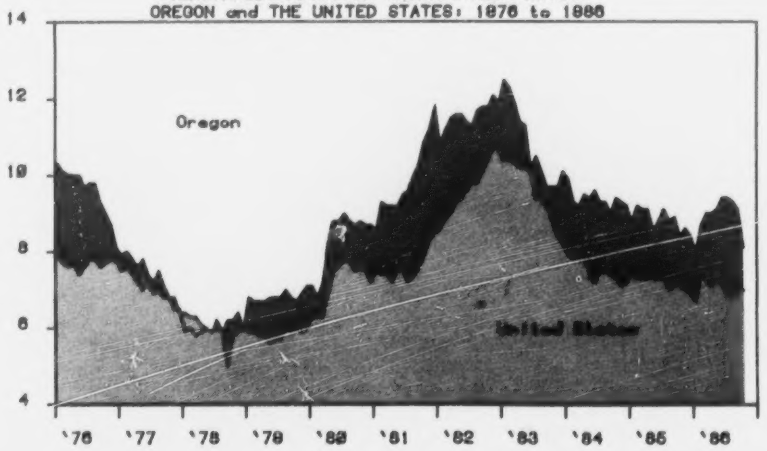
Duane Ackerson

> Every minor detail is a major decision.
>
> Stephen Sondheim,
> Sunday in the Park with George

The news about both employment and unemployment in Oregon was good in October. However, even a good picture isn't the same thing as a clear one. As the painter in the Stephen Sondheim musical inspired by the work of French painter Georges Seurat says, "the art of making art...is putting it together". Probably the same thing is true of whatever art there may be to economic analysis. Perhaps some of the details that follow will come together, like the "pointillist" painter's spots of color and light, to create at least a crude picture of an economy that is also putting itself back together.

Oregon's seasonally adjusted unemployment rate fell a full percentage point to 8.1%, the lowest it has been since the start of the year, and 0.3 point lower than the year ago rate. In fact, other than the 8.0% rate in January of 1986, October's 8.1% is the lowest the rate has been since March 1980, when it was 7.2%. The number of unemployed, at 99,800, was 6,300 fewer than in September. Meanwhile, the national civilian unemployment rate remained fixed at 7.0%. Perhaps an even more positive

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	OCT. 1986 1/	SEPT. 1986 2/	CHANGE	% CHANGE	OCT. 1985 5/
CIVILIAN LABOR FORCE 3/	1,395,200	1,380,100	15,100	1.1	1,343,000
UNEMPLOYMENT	99,800	106,100	- 6,300	- 5.9	99,400
PERCENT OF LABOR FORCE	7.2	7.7	XXX	XXX	7.4
SEASONALLY ADJUSTED PERCENT	8.1	9.1	XXX	XXX	8.4
TOTAL EMPLOYMENT 4/	1,295,400	1,274,000	21,400	1.7	1,243,600

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	OCT. 1986 1/	SEPT. 1986 2/	OCT. 1985	SEPT. 1986	OCT. 1985
TOTAL 3/	1,078,900	1,068,800	1,058,500	10,100	20,400
WAGE & SALARY EMPLOYMENT INDEX 4/	113.2	112.2	111.0	XXX	XXX
DIFFUSION INDEX 5/	52.3	50.8	56.6	XXX	XXX
TOTAL MANUFACTURING	204,700	208,100	210,100	- 3,400	- 5,400
DURABLE GOODS	145,400	145,900	149,100	- 500	- 3,700
LUMBER & WOOD PRODUCTS	66,400	66,800	64,900	- 400	1,500
LOGGING & SAWMILLS	35,000	35,300	34,500	- 300	500
VENEER & PLYWOOD	17,100	16,900	16,300	200	800
MILLWORK & STRUCTURAL WOOD	9,200	9,300	9,000	- 100	200
MOBILE HOMES	1,500	1,600	1,500	- 100	0
OTHER WOOD PRODUCTS	3,600	3,700	3,600	- 100	0
FURNITURE AND FIXTURES	2,900	2,900	2,900	0	0
STONE, CLAY, GLASS & CONCRETE	3,100	3,300	3,100	- 200	0
PRIMARY METALS	8,400	8,300	8,800	100	- 400
BLAST FURNACES, IRON & STEEL	5,400	5,300	5,600	100	- 200
NONFERROUS METALS	3,000	3,000	3,200	0	- 200
FABRICATED METALS	10,900	10,900	11,900	0	- 1,000
FABRICATED STRUCTURAL METALS	5,000	5,000	6,000	0	- 1,000
OTHER FABRICATED METALS	5,900	5,900	5,900	0	0
MACHINERY	14,400	14,400	15,500	0	- 1,100
ELECTRICAL EQUIPMENT & SUPPLIES	13,200	13,300	13,800	- 100	- 600
TRANSPORTATION EQUIPMENT	11,400	11,100	11,300	300	100
INSTRUMENTS & RELATED PRODUCTS	12,100	12,200	14,300	- 100	- 2,200
MISCELLANEOUS MANUFACTURING	2,600	2,700	2,600	- 100	0
NONDURABLE GOODS	59,300	62,200	61,000	- 2,900	- 1,700
FOOD & KINDRED PRODUCTS	28,400	30,900	30,300	- 2,500	- 1,900
CANNING & PRESERVING	17,600	20,500	19,500	- 2,900	- 1,900
OTHER FOOD PRODUCTS	10,800	10,400	10,800	400	0
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,300	2,200	2,400	100	- 100
PAPER & ALLIED PRODUCTS	9,000	9,300	9,200	- 300	- 200
PRINTING & PUBLISHING	11,900	12,000	11,600	- 100	300
CHEMICALS & ALLIED PRODUCTS	2,000	2,000	1,900	0	100
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,200	3,200	3,100	0	100
LEATHER PRODUCTS	500	600	500	- 100	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	OCT. 1986	SEPT. 1986	OCT. 1985	SEPT. 1986	OCT. 1985
(CONT.)					
TOTAL NONMANUFACTURING	874,200	860,700	848,400	13,500	25,800
MINING & QUARRYING	1,800	1,800	1,800	0	0
CONSTRUCTION	34,700	36,100	35,200	- 1,400	- 500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	59,500	59,100	59,600	400	- 100
TRANSPORTATION	38,400	37,800	37,700	600	700
RAILROAD	4,500	4,500	5,000	0	- 500
TRUCKING & WAREHOUSING	22,300	21,800	21,300	500	1,000
OTHER TRANSPORTATION	11,600	11,500	11,400	100	200
COMMUNICATIONS	12,800	12,900	13,300	- 100	- 500
UTILITIES	8,300	8,400	8,600	- 100	- 300
TRADE	268,900	269,000	263,200	- 100	5,700
WHOLESALE TRADE	67,500	67,900	68,100	- 400	- 600
DURABLE GOODS	39,100	39,200	39,400	- 100	- 300
NONDURABLE GOODS	28,400	28,700	28,700	- 300	- 300
RETAIL TRADE	201,400	201,100	195,100	300	6,300
GENERAL MERCHANDISE	27,300	26,100	25,600	1,200	1,700
FOOD STORES	31,500	31,400	29,400	100	2,100
AUTO DEALERS & SERVICE STATIONS	25,100	25,200	24,600	- 100	500
OTHER RETAIL TRADE	117,500	118,400	115,500	- 900	2,000
FINANCE, INSURANCE, & REAL ESTATE	70,400	71,300	67,600	- 900	2,800
BANKING & CREDIT AGENCIES	23,700	23,900	23,800	- 200	- 100
OTHER FINANCE, INSURANCE, & REAL ESTATE	46,700	47,400	43,800	- 700	2,900
SERVICES	233,100	231,600	218,700	1,500	14,400
HOTELS & PERSONAL SERVICES	25,200	26,100	24,100	- 900	1,100
HEALTH SERVICES	73,700	74,200	70,200	- 500	3,500
OTHER SERVICES	134,200	131,300	124,400	2,900	9,800
GOVERNMENT	205,800	191,800	202,300	14,000	3,500
FEDERAL GOVERNMENT	28,400	29,000	28,900	- 600	- 500
STATE GOVERNMENT	56,000	51,300	55,100	4,700	900
EDUCATION	24,500	18,900	23,700	5,600	800
OTHER STATE	31,500	32,400	31,400	- 900	100
LOCAL GOVERNMENT	121,400	111,500	118,300	9,900	3,100
EDUCATION	77,500	66,800	75,500	10,700	2,000
OTHER LOCAL	43,900	44,700	42,800	- 800	1,100
LABOR-MANAGEMENT DISPUTES	100	800	100	- 700	0

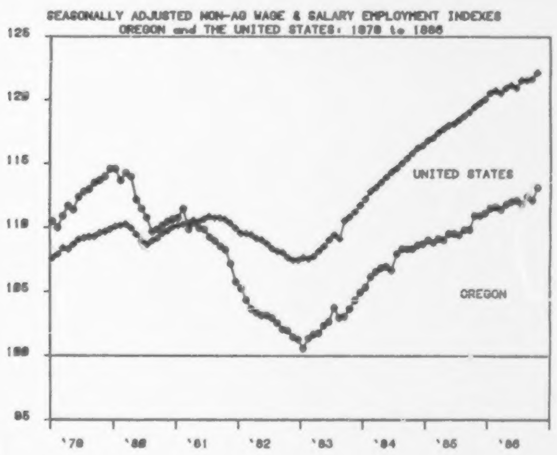
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT. SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



Oregon indicator was the nonfarm employment index. At 113.2, this was at its highest level in over six years. As if this weren't enough reassurance, the diffusion index, at 52.3, was 1.5 points higher than in September (though 4.3 points lower than a year before).

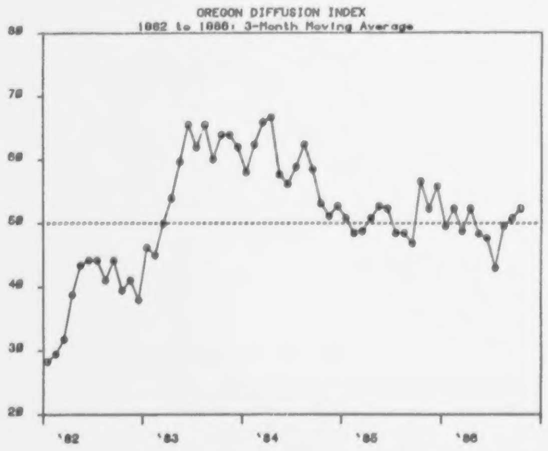
Broken down into its major components, nonagricultural wage and salary employment showed some of the trends it has evidenced in the past. The nonmanufacturing sector continued to exhibit healthy growth (+13,500 over the month and +25,800 over the year). As in the past, this performance tended to obscure the continued erosion of the manufacturing side of the economy, which showed a decline of -3,400 from September and -5,400 from October 1985. Most of the manufacturing decline from one month ago was predictable, especially the part attributable to the end of the canning and preserving season. Less predictable, but indicative of a national trend, was the 3,600 job loss in the high tech industries over the year that left the State a little less in the (silicon) chips.

The "Wharton Econometrics" (November 1986) forecast of Nariman Behravesh and Robert F. Wescott suggests there is some good news for U.S. manufacturing in the area of the merchandise trade deficit. The news is that in September, imports of manufactured goods had fallen off, though the export side remained relatively flat. Though it may be slow in coming, the authors foresee the trade upturn needed to sustain economic recovery, with possible benefits for manufacturing. However, looking at a major area of the Oregon economy, the present export perspective isn't even one of Flatland. In the first two quarters of 1986, the total volume of softwood log exports from the Oregon Customs District was 498.1 million board feet (MBF). This was a decline of 13.9%, or 80.3 MBF, from the first two quarters of 1985. Comparing corresponding periods for export of softwood lumber, the 222.3 MBF in 1986 represented an 11.5% decline from 1985. The Nation may need to look elsewhere than Oregon to solve its trade deficit.

Among the major industry groups, the largest seasonally adjusted increases between September and October were, in ranking order, those in government (+3,800), trade (+3,000), and services (+2,700). The greatest seasonally adjusted declines were in construction and food and kindred products, which finished last in a dead heat(-700 each). Within construction, heavy construction, with an employment drop of -500, (about 200 more than seasonally anticipated) contributed strongly to the industry's decline. Wharton feels there is a less than 50% chance the Federal Reserve will lower the discount rate before the end of the year, not particularly good news for construction or real estate, neither of which were showing much strength this month. (On the other hand, we are entering the time of year when construction and home sales slack off, anyway, minimizing this negative impact.)

Within total nonmanufacturing, education (state and local) was a major contributor to the sector's overall strong performance. Its over-the-month employment increase of 16,300 was instrumental in producing a government gain of 14,000, and a nonmanufacturing rise, as indicated above, of 13,500. In the longer term, state and local education showed employment levels 2,800 higher than those of a year ago, with community colleges accounting for almost half of this increase. Services was another sector that showed considerable strength, with a +1,500 over-the-month change and a +14,400 improvement over year ago figures. Within services, other services (+2,900 over the month, +9,800 over the year) contributed much of the clout.

An area of particular interest, with tax return time drawing near, is the impact the Tax Reform Act of 1986 will have on the Oregon economy. The governor elect has indicated his preference that any extra revenue which might accrue to the State not be collected in the first place, allowing the impact on State income to be revenue neutral.



Wharton provides an interesting breakout of the revenue impact of the new federal tax law on the states. The writers indicate the categories into which the various states will fall: 1) revenue loss 1% or less : four states; 2) revenue gain 0% - 3% : 23 states; 3) revenue gain 3 - 5% : 11 states; 4) revenue gain over 5% : one state; 5) revenue neutral : 11 states. Oregon is the only state to fall in the fourth category.

In actuality, the picture appears, like a painting by Seurat, to be more complex the more closely it's scrutinized, and the Wharton analysis, for Oregon at least, misleading. "The Effect of Federal Tax Reform on State Income Taxes: A Preliminary Analysis" (Research Report 11-86 of the Legislative Revenue Office; Nov. 7, 1986) raises a number of qualifications. The report points out that the Oregon income tax is tied to the 1984 Internal Revenue Code, not the one just enacted into law by the Congress. The only automatic revenue increase would be one in the neighborhood of $20 million. This would result because federal income taxes are deductible on the Oregon tax return. If we assume there will be a drop in federal taxes overall, this decline will reduce this deduction and increase the Oregon tax. If, in addition to this passively acquired revenue feedback, the State seeks to actively benefit from any windfall, it would have to first pass legislation to "re-connect" with the new federal tax law. If the State adopts the federal changes in income subject to tax without changing State tax rates, personal exemption credit, or the standard deduction, then a revenue increase of up to $150 million a year could result.

In the hopeful spirit engendered by positive indicators, it would perhaps be best to conclude that, given either scenario (additional tax revenue goes to the State, or Federal tax savings stay with the taxpayers), the end result of the Federal Tax Reform Act should be beneficial for Oregon's economy, since more money will remain within the State. □

OREGON EMPLOYMENT PROJECTIONS — THE OCCUPATIONAL PERSPECTIVE

David Allen

Forecasting industry growth or decline is one thing; forecasting occupational change is another. Oregon's employment is very likely to grow, at least slowly, over the next five years. This growth is predicted by the Executive Department's Econometric Model, Bonneville Power Administration, and the Employment Division. Futurists, however, do not agree on the speed and nature of occupational change within the employment picture. Historically, a new technology took at least 10 years to have a significant employment impact. Today, we read about the changing nature of work on almost a daily basis. Many argue that the computer is changing all of our jobs. Within this context, it is difficult to predict what realistically is going to happen even in the next five years. In this article, we will explore what has happened to Oregon's changing work place, and what is most likely to occur in the near future. The data presented is gathered by the Occupational Employment Statistics program that surveys employers to find out what is happening in the current work place. Each year one third of all employers are in the survey. By comparing different survey results over time, trends can be analyzed and new occupational forecasts can be made.

The future is only a partial reflection of the past. However, Oregon's 1980 -1982 recession and subsequent "recovery" clearly has changed the kinds of workers that will be needed in the future. As shown in the accompanying occupational employment table, nonfarm employment in 1986 is still significantly less than the 1979 high. The 19,000 fewer jobs still means tough times in Oregon! The tough times, unfortunately, are not equally spread out among the occupational groups. Craft Workers, which includes carpenters, electricians, machinists, and plumbers, lost over 18,000 jobs. Additional job losses totaling more than 21,000 occurred among Operatives (welders, drilling machine operators, veneer driers) and Laborers (choker setters, chain offbearers, construction workers). It might be

NONAGRICULTURAL
OCCUPATIONAL EMPLOYMENT IN OREGON

	1979		1986		1992 (Proj.)		1979-1986 Change		1979-1992 Change	
	Number	%	Number	%	Number	%	Number	%	Number	%
Professional & Technical	154,410	14.6	169,032	16.3	181,366	16.1	14,622	9.5	26,956	17.5
Managers & Officers	89,100	8.4	97,253	9.4	105,946	9.4	8,153	9.2	16,846	18.9
Sales Workers	77,530	7.3	81,588	7.9	89,954	8.0	4,058	5.2	12,424	16.0
Clerical Workers	210,300	19.9	208,451	20.1	231,440	20.6	-1,849	-0.9	21,140	10.1
Craft Workers	129,470	12.3	110,659	10.7	118,264	10.5	-18,811	-14.5	-11,206	-8.7
Operatives (semi-skilled)	150,430	14.3	141,026	13.6	149,044	13.2	-9,404	-6.3	-1,386	-0.9
Service	167,280	15.8	163,599	15.8	80,475	16.0	-3,681	-2.2	13,195	7.9
Laborers	76,890	7.3	64,717	6.2	68,824	6.1	-12,173	-15.8	-8,066	-10.5
Total	1,055,410	100.0	1,036,325	100.0	1,125,313	100.0	-19,085	-1.8	69,903	6.6

surprising to note that Clerical and Service (nonprofessional) employment also dropped. Primarily, this is due to the general lack of economic growth, but increasing automation also played a part. Taken together, all of these kinds of job losses are the effects of major shifts in the Oregon economy which now requires a somewhat different occupational skill mix than had been previously established.

A clue to the future of the new occupational mix can be found in looking at the occupational groups that grew between 1979 and 1986. Professional and Technical workers gained 14,622 jobs. Most of these jobs require training beyond high school in special areas of science, engineering, medicine, education, and law. The other big employment gain occurred among Managers and Officers, which increased by 8,153 workers . Many of these jobs also require advanced training, experience, and job skills. However, not all of the employment gains were of this nature. Sales Workers added an additional 4,058 jobs indicating the increasing importance of trade, finance, and insurance industries to the Oregon economy. This gain in employment, it should be kept in mind, was more apparent than real. As was mentioned in last month's Labor Trends, after adjusting for part-time work, the actual number of hours worked declined in retail trade. Most of these new sales jobs were part-time, averaging under 35 hours per week. Some futurists, noting this same trend nationally, have forecast a two class society with professional and technical workers at the top and a host of part-time sales and service workers at the bottom. This type of drastic skill shift is not, however, likely in spite of the trend towards more professional and technical employment.

The occupational employment table also provides us with some assurance that, at least until 1992, Oregon's occupational profile will not be drastically altered. The percent that each occupational group makes up of the total still provides significant employment in all areas. Oregon will still have 118,000 Craft Workers, 149,000 Operatives, and 68,000 Laborers. Overall economic growth, in spite of the computerization of work, will also create many new jobs for Sales, Clerical, and Service workers. The occupational mix in 1992 will still be quite diverse. However, even with almost 70,000 new jobs being created, most of the occupational groups that lost employment between 1979 and 1986 will not recover from their previous job losses by 1992. The changing economy clearly requires fewer workers in production and related craft occupations while increasing the need for workers in professional, technical, and managerial areas. This trend does not create a two class society, but it does point to an increasing need for more knowledge intensive kinds of labor. Fewer jobs will be available for those without advanced job skills.

Aside from the question of shifting occupational patterns, many people want to know "where are the jobs?". There are many different answers to this question. In terms of those occupations with the most job openings between 1986 and 1992, the answer is found in the "Top 20 High Demand Occupations" list. The top twenty include seven Service occupations (janitors, waiter or waitress, nurse aides, food preparation & service, kitchen helpers, cleaners, and housekeepers) and four Clerical occupations (secretaries, general clerks, cashiers, and receptionists). The only occupational group excluded from the top twenty is, not surprisingly, Craft Workers. Also excluded are any futuristic-sounding job titles. Oregon's high demand occupations are still more of a reflection of the past.□

TOP 20 HIGH DEMAND OCCUPATIONS
1986-1992

Occupations	# of growth openings
All Other Managers & Officers	7,253
Sales Representatives	6,562
Secretary	3,557
Cashier	3,510
Laborers and Unskilled	3,000
Truck Drivers	2,876
General Clerk	2,793
Janitors	2,749
Waiter or Waitress	2,740
Sales Clerks	2,699
Nurse Aide/Orderly	2,391
Food Prep. & Service Workers	1,706
Kitchen Helper	1,686
Manager, Store	1,668
Guards & Doorkeepers	1,374
Professional Nurse	1,313
Delivery Driver & Route	1,307
Cleaner, Housekeeping	1,208
Receptionist	1,191
Stock Clerk Storeroom	1,117

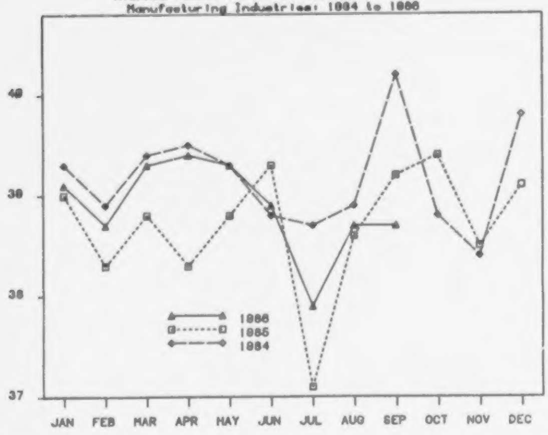
PLANNING DISTRICTS DEFINED

Last month's Oregon Labor Trends contained an article ("Oregon Employment Projections-The Industrial Perspective") which discussed the 1992 employment outlook by industry for Oregon and 14 local planning districts. For those readers who may not be familiar with these planning districts, their definitions are as follows:

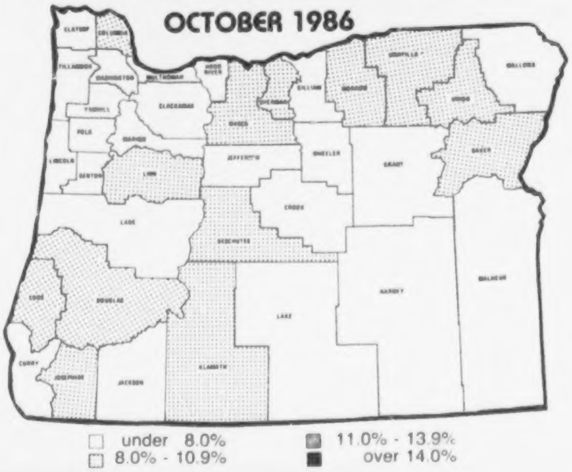
District	Counties
1	Clatsop, Columbia, Lincoln, & Tillamook
2	Clackamas, Multnomah, & Washington
3	Marion, Polk, & Yamhill
4	Benton & Linn
5	Lane
6	Douglas
7	Coos & Curry
8	Jackson & Josephine
9	Hood River, Sherman, & Wasco
10	Crook, Deschutes, & Jefferson
11	Klamath & Lake
12	Gilliam, Grant, Morrow, Umatilla, & Wheeler
13	Baker, Union, & Wallowa
14	Harney & Malheur

HOURS & EARNINGS

AVERAGE WEEKLY HOURS of WORKERS in OREGON
Manufacturing Industries: 1984 to 1986



STATE OF OREGON
Unemployment Rates by Area


OCTOBER 1986
CLATSOP
COLUMBIA
TILLAMOOK
WASHINGTON
MULTNOMAH
HOOD RIVER
YAMHILL
CLACKAMAS
POLK
MARION
LINCOLN
BENTON
LINN
WASCO
SHERMAN
GILLIAM
MORROW
UMATILLA
UNION
WALLOWA
BAKER
JEFFERSON
WHEELER
GRANT
CROOK
LANE
DESCHUTES
COOS
DOUGLAS
CURRY
JOSEPHINE
JACKSON
KLAMATH
LAKE
HARNEY
MALHEUR
☐ under 8.0%
▨ 8.0% - 10.9%
▩ 11.0% - 13.9%
■ over 14.0%

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Sep. 2/ 1986	Aug. 3/ 1986	Sep. 1985	Sep. 2/ 1986	Aug. 3/ 1986	Sep. 1985	Sep. 2/ 1986	Aug. 3/ 1986	Sep. 1985
TOTAL MANUFACTURING 4/	$405.19	$399.00	$407.68	38.7	38.7	39.2	$10.47	$10.31	$10.40
Durable Goods	418.26	410.89	428.25	39.2	38.8	39.8	10.67	10.59	10.76
Lumber & Wood Products	421.01	414.48	456.44	39.2	38.7	40.5	10.74	10.71	11.27
Logging & Sawmills	444.60	431.67	488.44	39.0	37.7	40.3	11.40	11.45	12.12
Veneer & Plywood	423.46	418.64	446.76	40.1	40.1	41.1	10.56	10.44	10.87
Millwork & Struct Wood	351.55	355.91	372.19	39.5	39.9	40.9	8.90	8.92	9.10
Mobile Homes	300.70	328.41	303.80	33.3	38.5	35.0	9.03	8.53	8.68
Other Wood Products	403.10	412.62	463.00	38.5	39.0	41.9	10.47	10.58	11.05
Furniture & Fixtures	311.12	304.58	314.59	38.6	39.3	38.6	8.06	7.75	8.15
Primary Metals	490.05	465.71	480.40	40.3	39.4	40.0	12.16	11.82	12.01
Fabricated Metals	393.03	387.50	387.20	39.7	39.5	40.0	9.90	9.81	9.68
Machinery	429.13	426.24	427.39	38.8	38.4	39.5	11.06	11.10	10.82
Nondurable Goods	371.88	372.88	357.40	37.3	38.6	37.7	9.97	9.66	9.48
Food & Kindred Products	285.48	299.15	286.01	36.0	38.8	37.0	7.93	7.71	7.73
Canning & Preserving	238.66	255.53	240.37	35.2	38.6	36.2	6.78	6.62	6.64
Other Food Products	403.18	413.70	405.34	38.0	39.4	38.9	10.61	10.50	10.42
Textile Mill Products	231.76	217.43	221.48	36.1	34.9	35.1	6.42	6.23	6.31
Apparel	214.62	197.68	212.44	36.5	34.2	37.8	5.88	5.78	5.62
Paper & Allied Products	635.18	619.01	615.08	40.9	40.3	41.7	15.53	15.36	14.75
Printing & Publishing	457.30	444.99	389.06	37.3	37.3	34.8	12.26	11.93	11.18
Construction 4/	521.59	496.30	482.59	38.1	37.4	35.2	13.69	13.27	13.71
Communications & Utilities 5/	517.90	501.82	508.79	41.3	40.6	41.5	12.54	12.36	12.26
Trade 5/	293.75	286.62	291.53	34.6	34.7	34.5	8.49	8.26	8.45
Wholesale Trade	388.69	382.02	399.85	37.7	37.6	38.3	10.31	10.16	10.44
Retail Trade	247.59	240.76	239.69	33.1	33.3	32.7	7.48	7.23	7.33
Banking & Insurance	301.75	303.89	291.84						
State & Local Government	371.52	373.94	356.40						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYERS CORNER

Gary Lorenz

Oregon State Employment Division Administrator Ray Thorne announced November 18 that the Targeted Jobs Tax Credit (TJTC) Program has been reinstated. The TJTC program is part of the Tax Reform Act of 1986, recently passed by Congress and signed by President Reagan on October 22, 1986. TJTC was originally created to encourage the employment of disadvantaged individuals. Through TJTC, employers receive a tax credit based on the wages paid to new employees in the first year of employment. "During the first seven years of TJTC, the Internal Revenue Service estimated that Oregon employers saved more than $68 million," said Thorne. "The revised TJTC program has changed from the 1978 law, but will continue to benefit both Oregon employers and unemployed Oregonians."

The new tax credit has been extended retroactively from January 1, 1986 through December 31, 1988. The maximum credit available is $2,400, or 40% of the first $6,000 of wages paid. The tax credit is limited to the first year of employment and the employee must be employed 90 days or work 120 hours before the employer can claim the tax credit on their IRS tax form. The tax credit for employing Summer Youth is 85% of the first $3,000 in wages paid.

Several groups of targeted individuals qualify for the TJTC program. Economically disadvantaged individuals who are either young adults (ages 18 through 24), Summer Youth (age 16 through 17), Vietnam-era veterans or ex-felons are eligible. Additionally, Vocational Rehabilitation clients, and individuals receiving Supplemental Security Income, General Assistance or Aid to Families with Dependent Children are also eligible for certification.

To be eligible for the tax credit, an employer must request certification on or before the employee's first day on the job. The request must be in writing and should be sent to the nearest Employment Division office.

"When Congress authorized extension of the TJTC program they did not provide funding to the states for administrative costs," stated Thorne. "Due to this, the Employment Division will be limited to clearing up the backlog of requests that were submitted through October 21. This will be done with State funds made available by the Legislative Emergency Board. We will handle new requests - those submitted since October 22 - as funds are made available."

Employers who requested certification assistance on employees hired from January 1, 1986 through October 21, 1986 will be contacted by the Employment Division. "We ask employers to be patient while we work on the retroactive requests," said Thorne. "Congress left us with a full year's work, one month to do it, and no money to do it with."

Oregon employers may contact their local Employment Division office for further information. □

NEW LMI PUBLICATION

The 1985 Oregon Covered Employment and Payrolls by Industry and County publication is now available. Included are employment and payroll data at the four-digit industry level (using Federal Standard Industrial Classification codes) for the state and two-digit industry level for each Oregon county.

For a copy please contact:

Oregon Employment Division R&S
Attn: ES 202
875 Union Street NE
Salem OR 97311
Telephone: (503) 378-8654
Toll Free in Oregon: 1-800-237-3710 ext. 8-8654

OREGON LABOR TRENDS

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Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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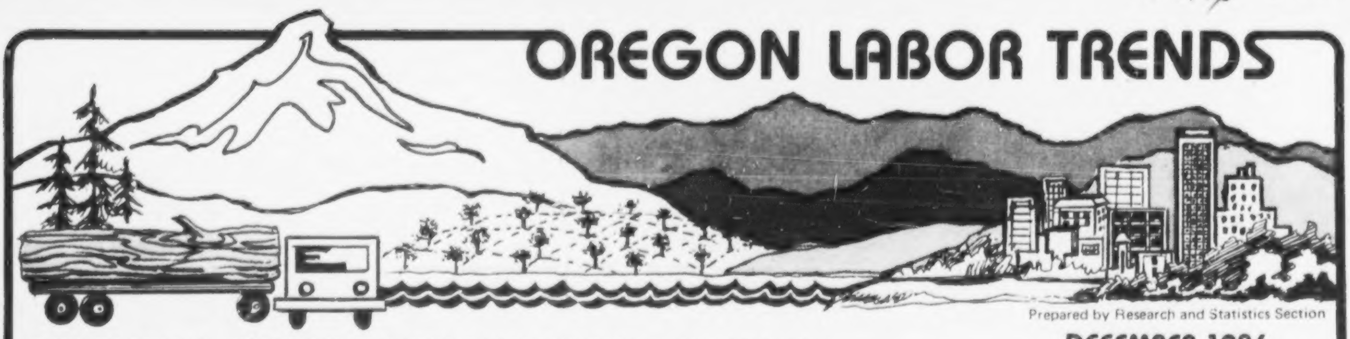


OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

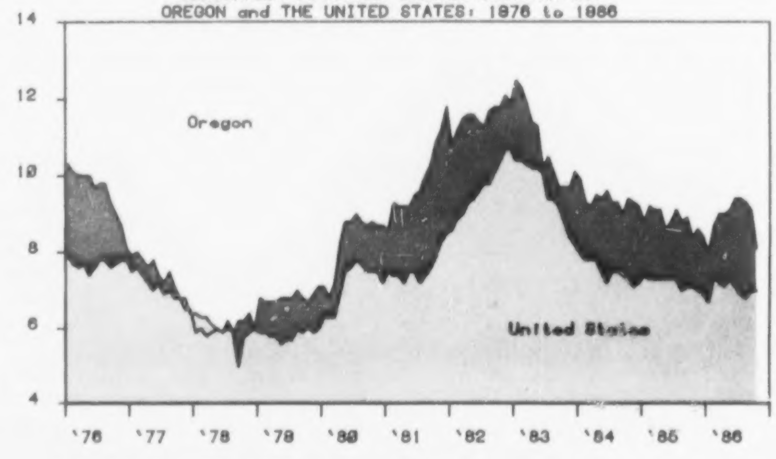
DECEMBER 1986

UNEMPLOYMENT RATE DIPS TO 7.5%

Darrell Street

Oregon's seasonally adjusted unemployment rate fell for the fourth consecutive month in November. The improvement lowered Oregon's unemployment rate to 7.5%. While this rate is only one of the indicators (albeit the most popularly cited one) by which we measure the employment picture, it is noteworthy that November's rate was the lowest of any month this year. In fact, we would have to go all the way back to March 1980 to find the last time Oregon's rate of unemployment was this low.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986



* Civilian labor force only

**PORTLAND CPI SCHEDULE TO CHANGE IN 1987

BLS is currently completing a major revision of the Consumer Price Index. Beginning in 1987, BLS will introduce revised versions of both the CPI-U and CPI-W. The revised CPIs will reflect updated patterns of consumer spending and will incorporate a number of technical improvements. Twelve regional indexes, including the Portland CPI, will be compiled on a semi-annual average basis instead of the current bimonthly basis. Therefore, the next Portland CPI release will be in August 1987, reflecting the average inflation rate for the first half of 1987. These changes will be discussed in more detail in the next issue of Oregon Labor Trends. □

NOVEMBER INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)
Nov. 1986	7.5
Oct. 1986	8.1
Nov. 1985	8.6
U.S.	
Nov. 1986	7.0
Oct. 1986	7.0
Nov. 1985	7.0

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100
Nov. 1986	113.0
Oct. 1986	113.0
Sept. 1986	112.2
Aug. 1986	112.5
July 1986	111.9

DIFFUSION INDEX

Oregon	
Nov. 1986	48.1
Oct. 1986	50.8
Sept. 1986	50.8
Aug. 1986	49.6
July 1986	43.0

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Oct. 1986	39.0
Sept. 1986	38.8
Oct. 1986	39.4

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Nov. 1986	318.0**
Yearly Change	+ 0.3%
U.S.	
Nov. 1986	330.8
Yearly Change	+ 1.3%

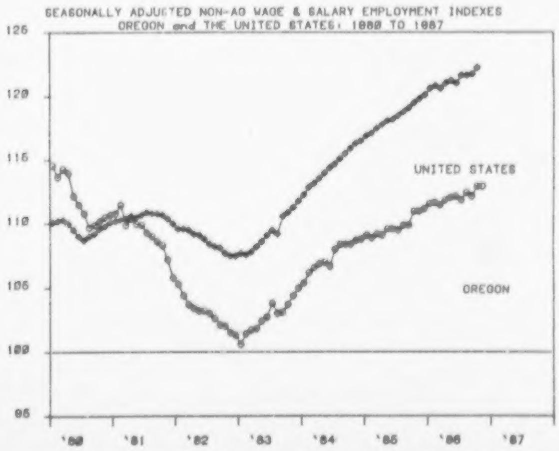
Portland Hotline 221-4132

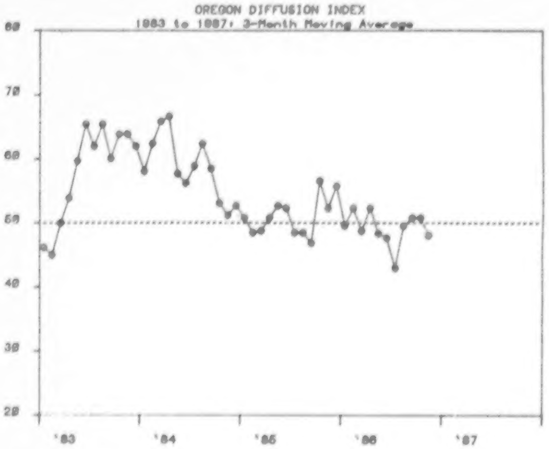
Oregon's total civilian employment in November was 1,298,900. Although this marked a drop of 2,300 from October's all-time high, an even larger drop was anticipated in light of historical trends. On the unemployment side, the 4,300 increase in the jobless count was considerably less than expected. November typically brings significant jumps in unemployment as seasonal layoffs occur in construction, lumber and wood products, and food processing. Taken as a whole, these seasonally responsive industries performed better than expected. In other words, although the total number of unemployed rose, the increase was not as large as usual for this time of year.

Lower than normal November layoffs were reflected in indicators of unemployment trends. For example, the October to November increase in the total number of Oregonians claiming unemployment insurance (UI) was only three-quarters of the expected amount. The number of new claims for UI benefits in November grew by only half what would be seasonally expected. Even though 104,300 Oregonians were unemployed, this marked the lowest November level since 1979. A comparison with the 154,900 out of work in November 1982 demonstrates that substantial economic progress has been made.

While November's lower unemployment rate is encouraging news, two other employment indicators lend a less bullish note. The diffusion index, which shows the percentage of a selected group of Oregon industries with an increase in seasonally adjusted employment, actually dropped a bit from its October level. This year the index has shown little in terms of a discernible trend. The diffusion index has hovered around the "neutral" 50.0 mark, offering little indication of any significant economic upturn in the near future.

The wage and salary employment index, a relative measure of Oregon's nonfarm payroll employment, was unchanged from October. We have seen a moderate rise in this index over the past several months corresponding to a 1.9% increase in nonfarm payroll jobs since this time last year. The index currently stands at 113.0 (1977=100.0). Not since March 1980 has the index been higher than the current level. Viewed in the context of how far we have had to come to restore jobs lost during the recession, the index points to the fact that only recently has nonfarm payroll employment recovered to levels seen more than six years ago.





A review of total nonagricultural wage and salary employment shows that Oregon has added 19,900 jobs since November of last year. Even though nonfarm employment dropped 6,400 over the month, this loss was seasonally expected.

The performance of the manufacturing sector was mixed in November. A decline of 6,500 manufacturing jobs accounted for all of the month's drop in total payroll employment.

A major newsmaker in durable goods manufacturing was lumber and wood products. Employment declined by only 600, a far better performance than the seasonally expected loss of 1700. Lumber and wood products employment has exceeded normal expectations for the past several months. However, much of the apparent employment strength is attributable to a prolonged British Columbia woodworkers strike which sharply curtailed Canadian imports into western U.S. markets. (A settlement has been reached, and B.C. mills resumed operations December 8.)

Nonetheless, November's strong showing in lumber and wood products served to offset sizeable job losses in other areas of durables good manufacturing. As a group, employment in the other durables manufacturing industries declined in November. Every area of durables manufacturing, except lumber and wood products, registered lower employment than a year ago. As has so often been the case, November's drop represented yet another seasonally adjusted job loss for durables manufacturers. High-technology companies, for example, continue to suffer from a worldwide slump in electronics products. November's loss of 300 "high-tech" jobs matched the average monthly decline suffered since the start of the year. The weakness in manufacturing employment has persisted for several years. Oregon's job shift away from manufacturing to nonmanufacturing continues to change the shape of the Oregon economy. (The "Year In Review" article appearing in this issue provides an analysis of the past year's labor trends.)

Nondurable goods manufacturing conformed to historical employment trends in November. The 4,600 drop in food and kindred products jobs was precisely what was expected based on the pattern of prior years. Little employment change occurred in any of the other nondurable industries.

November was a rare stagnant month in nonmanufacturing where employment grew by only 100. While this was in line with predicted seasonal behavior, it represented an exception to the long running trend of real growth in nonmanufacturing jobs. Nonmanufacturing, which encompasses a widely diverse group of industries, changed little during the month, although certain industry groups showed significant employment activity.

Retail trade added 2,700 jobs, with much of the hiring coming from general merchandisers gearing up for Christmas shoppers. Trucking and warehousing was up again in November. Steady gains have been notched in this industry, and employment stands nearly 6% above last year. Construction employment dropped by 2,700. Services, an area that includes activities as diverse as boat rental, health care, lodging, and auto repair, recorded a decline of 2,000. While the drop in construction was seasonally expected, the decline in services was unusually large.

November was the first time in many months that services, which has added 12,900 jobs since last year, recorded a substantial employment loss. Looking behind the decline, we see that industries influenced by tourism dropped substantial numbers of jobs in November. This year's tourist season was unique, both in magnitude and in length. Oregon businesses benefited from visits by EXPO '86 bound vacationers. Traveler surveys indicate that over two-thirds of EXPO destined travelers stayed at least one night or more in Oregon. Industries benefiting from the increased travel activity registered record high employment throughout the summer months. With Vancouver's exposition running well into October, the early autumn months maintained tourism-related employment at relatively high levels. November's decline in hotels and lodging (-600), and amusement and recreation services (-600) brought employment more nearly in line with levels typical of the autumn months.

November's seasonally adjusted unemployment rate fell even though, in absolute terms, total employment dropped and unemployment rose from October's marks. But the key word of explanation is "expectations". Compared with years past, Oregon's economy performed a little better than expected in November thanks, in large part, to unseasonal strength in lumber and wood products. To the extent that this strength may be short term, however, and related to the recently settled Canadian woodworkers strike, further improvement in Oregon's unemployment rate this winter may be very hard to come by.□

1986 — YEAR IN REVIEW

Jeff Hannum

Take your pick....Oregon's economy either slumped, marked time, or continued to grow and reach new heights in 1986. Actually, all three answers are correct, depending on which yardstick you choose and your own personal perspective. For this writer, the first picture that emerges of Oregon's economy in 1986 is about as clear as the waters of the Colorado River at Lava Falls in the Grand Canyon.... after a rain storm! In other words, it's a bit murky. And no wonder! We're literally swamped with data telling us how the economy is faring day by day. The challenge is to make coherent sense out of this flood of data, especially when the indicators move in contradictory directions. To some extent, this mixed pattern is normal, especially in the fourth year of an economic expansion. Another factor, though, may be the accuracy of the data itself which, in many cases, is sample-based, preliminary, or even projected.

The accompanying table showing selected socio-economic indicators from 1979 through 1986 is a case in point. According to Portland State University's Center for Population Research and Census, Oregon's total population declined by 16,300 between July 1985 and July 1986, as net out-migration from Oregon resumed. The last period of net out-migration was during 1981-83 when the State was struggling through one of the worst recessions in recent memory.

Preliminary data through November 1986, however, indicate that Oregon's annual average labor force and resident employment each increased by over 30,000 between 1985 and 1986, reaching new all-time highs! Although the number of unemployed Oregonians did not change much from 1985's 117,000, the State's jobless rate is expected to average about 8.6%, a slight improvement from last year.

SELECTED ECONOMIC INDICATORS FOR OREGON, 1979-1986

Year	Total Population	Civilian Labor Force	Unemployment Number	Unemployment Rate	Nonfarm Wage & Salary Employment	Mfg.	Nonmfg.	Real Average Hourly Earnings in Mfg. (1979 dollars)	Portland CPI-U (Annual Average Change)
	(000)	(000)	(000)	(%)	(000)	(000)	(000)	($)	(%)
1979	2,584.4	1,217.0	83.0	6.8	1,056.2	228.5	827.7	$7.92	13.6
1980	2,639.9	1,295.0	107.0	8.3	1,044.6	215.1	829.5	7.63	13.3
1981	2,660.7	1,337.0	132.0	9.9	1,018.4	202.7	815.7	7.67	8.9
1982	2,656.2	1,324.0	153.0	11.5	960.8	185.7	775.1	7.87	3.2
1983	2,635.0	1,341.0	145.0	10.8	966.7	188.8	779.1	7.96	1.1
1984	2,660.0	1,335.0	125.0	9.4	1,006.9	201.1	805.8	7.82	3.8
1985	2,675.8	1,327.0	117.0	8.8	1,029.0 1/	199.9 1/	829.1 1/	7.57 1/	3.8
1986	2,659.5	1,359.1 2/	117.2 2/	8.6 2/	1,050.8 2/	198.6 2/	852.2 2/	7.54 2/	1.4 2/
(1979-86 Change)	+75.1	+142.1	+34.2	+1.8	-5.4	-29.9	+24.5	-0.38	-12.2

1/ Preliminary data
2/ Projected annual average

The monthly trend for Oregon's seasonally adjusted unemployment rate in 1986, however, was anything but stable. It began the year at 8.0% in January, climbed to a plateau of 9.4% during the summer months, then began to drop sharply in the fall. November's rate of 7.5% was the lowest since March 1980 when the recession was just getting underway in Oregon. Despite this recent improvement, Oregon's jobless rate still has a way to fall before it measures up to the expected U.S. unemployment average of 7.1% this year, or to Oregon's pre-recession rate of 6.8% set in 1979.

One of the best yardsticks for assessing Oregon's economic performance is nonfarm wage and salary employment. By this measure, 1986 was almost a mirror image of 1985 as the tally of nonfarm payroll jobs grew by about 22,000, or 2.1%. While this indicates steady progress, the annual average in 1986 will be about 5,000 shy of the pre-recession peak of 1,056,200 set in 1979. The good news is that nonfarm employment, as measured by the wage and salary employment index, has been on an upward path during most of this year. In both October and November, this seasonally adjusted index reached 113.0 which, like the unemployment rate, was the best performance since March 1980.

However, if we look at another employment indicator, the diffusion index, Oregon's economy appeared to be, at best, only marking time this year. This yardstick, which indicates the percentage of a selected group of 43 industries which are expanding based on seasonally adjusted employment, has gyrated within a couple of points either side of the neutral 50% mark all year. The only exception to this trend was in July when the index slipped to 43.0, reflecting strikes in lumber and wood products and layoffs in several other durable goods manufacturing industries.

The relatively weak picture of Oregon's economy painted by the diffusion index can be largely explained by the way this index is constructed. Since it is intended to be a leading economic indicator, manufacturing industries are given relatively heavy weights, since they tend to respond more quickly to changing business conditions than do nonmanufacturing industries. One problem with this index, however, is that Oregon's economy has been changing structurally since 1980 when the last recession began. One major trend, both in Oregon and the Nation, has been the employment shift away from manufacturing toward nonmanufacturing, especially the trade and service-related industries. The table shows the magnitude of this bipolar trend in Oregon. Manufacturing lost nearly 43,000 jobs (-19%) between 1979 and 1982. By 1984, approximately one-third of these jobs had reappeared. While the overall economy continued to expand in 1985 and 1986, manufacturing employment slipped, losing about 1,300 jobs in the past year alone. Even without the slight increase in strike activity during 1986, the trend would have been the same.

To what extent the 30,000 manufacturing jobs lost between 1979 and 1986 have actually disappeared or merely been reincarnated in nonmanufacturing industries is unknown. What is apparent is that nonmanufacturing employment also declined during the recession by over 54,000 jobs, mostly in construction and trade. Since 1982, however, the nonmanufacturing sector has been expanding every year. In 1986, about 23,000 jobs were created pushing nonmanufacturing employment past its previous peak in 1980 to a new record high of about 852,000!

The pattern of growth between 1985 and 1986 has been indicative of the trend over the past several years. The vast majority of new jobs added in the last year have come in the service industries and retail trade. Business services, which includes a broad range of firms providing advertising, building maintenance, security, personnel supply, data processing, management consulting, and related services has been particularly strong. To a certain extent, rapid growth in some of these areas simply reflects the restructuring process underway in other industries. In manufacturing, for example, intense foreign and domestic competition coupled with weak market prices, has forced many firms to reduce operating costs wherever possible. One way has been to replace higher-paid manufacturing workers with lower-paid service industry workers through "contracting out" such activities as building maintenance and protective service, and relying more on firms which provide temporary workers in place of hiring permanent staff. In these cases, the jobs may be the same, but the actual employer may be a service firm rather than a manufacturing company.

Other nonmanufacturing sectors which performed well in 1986 were health services (excluding hospitals), real estate, and various travel/recreation-related industries. These job gains reflect the growing elderly population and emphasis on providing out-patient health care, lower mortgage interest rates which fueled residential real estate activity, and also the record volume of tourists, many of whom were en route to EXPO '86 in Vancouver, B.C.

Despite the big drop in interest rates and boost in single-family residential building from a year ago, total employment in the construction industry remained at the 1985 level of 32,100. Weakness was evident in heavy construction, apartment building, nonresidential building construction, and some of the special trades. This lack of any overall improvement left construction employment in 1986 about 21,000 below the 1979 peak, and only 5,100 above the industry's low point reached in 1983.

Another important part of Oregon's economy which appears to have just "marked time" over the past year is agriculture. Although this industry is very diverse in Oregon and some sectors prospered while others did not, the overall picture showed no significant change, both in terms of employment and gross value of farm sales.

Within agriculture, however, there were some significant trends in terms of gross farm sales. According to preliminary data from the Agricultural Extension Service, the value of all crops in 1986 rose slightly, but the value of grain sales plummeted by about 28%! This primarily reflects the price of wheat which declined by nearly $1 per bushel from last year. Sales of small fruits and berries soared by 50% due to increased acreage and

RESIDENT OREGON LABOR FORCE

	NOV. 1986 1/	OCT. 1986 2/	CHANGE	% CHANGE	NOV. 1985 5/
CIVILIAN LABOR FORCE 3/	1,403,100	1,401,100	2,000	0.1	1,341,600
UNEMPLOYMENT	104,300	100,000	4,300	4.3	114,800
PERCENT OF LABOR FORCE	7.4	7.1	XXX	XXX	8.6
SEASONALLY ADJUSTED PERCENT	7.5	8.1	XXX	XXX	8.6
TOTAL EMPLOYMENT 4/	1,298,800	1,301,100	- 2,300	- 0.2	1,226,800

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	NOV. 1986 1/	OCT. 1986 2/	NOV. 1985	CHANGE FROM OCT. 1986	CHANGE FROM NOV. 1985
TOTAL 3/	1,070,500	1,076,900	1,050,600	- 6,400	19,900
WAGE & SALARY EMPLOYMENT INDEX 4/	113.0	113.0	111.0	XXX	XXX
DIFFUSION INDEX 5/	48.1	50.8	52.3	XXX	XXX
TOTAL MANUFACTURING	196,900	203,400	201,100	- 6,500	- 4,200
DURABLE GOODS	142,700	144,500	146,900	- 1,800	- 4,200
LUMBER & WOOD PRODUCTS	65,300	65,900	63,600	- 600	1,700
LOGGING & SAWMILLS	34,200	34,800	33,300	- 600	900
VENEER & PLYWOOD	17,300	17,100	16,300	200	1,000
MILLWORK & STRUCTURAL WOOD	8,700	8,900	8,800	- 200	- 100
MOBILE HOMES	1,400	1,500	1,600	- 100	- 200
OTHER WOOD PRODUCTS	3,700	3,600	3,600	100	100
FURNITURE AND FIXTURES	2,700	2,900	2,900	- 200	- 200
STONE, CLAY, GLASS & CONCRETE	2,700	3,000	2,800	- 300	- 100
PRIMARY METALS	8,200	8,400	8,900	- 200	- 700
BLAST FURNACES, IRON & STEEL	5,100	5.300	5,700	- 200	- 600
NONFERROUS METALS	3,100	3,100	3,200	0	- 100
FABRICATED METALS	10,800	10,900	12,100	- 100	- 1,300
FABRICATED STRUCTURAL METALS	5,000	5,000	6,200	0	- 1,200
OTHER FABRICATED METALS	5,800	5,900	5,900	- 100	- 100
MACHINERY	14,400	14,400	15,400	0	- 1,000
ELECTRICAL EQUIPMENT & SUPPLIES	13,100	13,200	13,600	- 100	- 500
TRANSPORTATION EQUIPMENT	10,800	11,100	10,900	- 300	- 100
INSTRUMENTS & RELATED PRODUCTS	12,100	12,100	14,200	0	- 2,100
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,500	0	100
NONDURABLE GOODS	54,200	58,900	54,200	- 4,700	0
FOOD & KINDRED PRODUCTS	23,300	27,900	24,000	- 4,600	- 700
CANNING & PRESERVING	12,700	17,200	13,300	- 4,500	- 600
OTHER FOOD PRODUCTS	10,600	10,700	10,700	- 100	- 100
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,300	2,300	2,200	0	100
PAPER & ALLIED PRODUCTS	9,000	9,100	9,100	- 100	- 100
PRINTING & PUBLISHING	11,800	11,900	11,600	- 100	200
CHEMICALS & ALLIED PRODUCTS	2,000	2,000	1,900	0	100
PETROLEUM REFINING	400	400	300	0	100
RUBBER & PLASTIC PRODUCTS	3,300	3,200	3,000	100	300
LEATHER PRODUCTS	500	500	500	0	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	NOV. 1986	OCT. 1986	NOV. 1985	CHANGE FROM OCT. 1986	CHANGE FROM NOV. 1985
(CONT.)					
TOTAL NONMANUFACTURING	873,600	873,500	849,500	100	24,100
MINING & QUARRYING	1,700	1,800	1,700	- 100	0
CONSTRUCTION	31,800	34,500	31,700	- 2,700	100
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	59,400	59,200	58,800	200	600
TRANSPORTATION	38,200	38,100	37,000	100	1,200
RAILROAD	4,400	4,500	4,800	- 100	- 400
TRUCKING & WAREHOUSING	22,200	22,000	21,000	200	1,200
OTHER TRANSPORTATION	11,600	11,600	11,200	0	400
COMMUNICATIONS	12,900	12,800	13,200	100	- 300
UTILITIES	8,300	8,300	8,600	0	- 300
TRADE	270,200	268,100	266,500	2,100	3,700
WHOLESALE TRADE	67,000	67,600	68,300	- 600	- 1,300
DURABLE GOODS	38,900	39,200	39,600	- 300	- 700
NONDURABLE GOODS	28,100	28,400	28,700	- 300	- 600
RETAIL TRADE	203,200	200,500	198,200	2,700	5,000
GENERAL MERCHANDISE	29,000	26,700	27,800	2,300	1,200
FOOD STORES	31,700	31,300	29,400	400	2,300
AUTO DEALERS & SERVICE STATIONS	24,200	24,800	24,300	- 600	- 100
OTHER RETAIL TRADE	118,300	117,700	116,700	600	1,600
FINANCE, INSURANCE, & REAL ESTATE	71,200	70,800	67,500	400	3,700
BANKING & CREDIT AGENCIES	23,900	23,700	23,900	200	0
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,300	47,100	43,600	200	3,700
SERVICES	231,700	233,700	218,800	- 2,000	12,900
HOTELS & PERSONAL SERVICES	24,600	25,200	23,500	- 600	1,100
HEALTH SERVICES	73,900	74,000	70,400	- 100	3,500
OTHER SERVICES	133,200	134,500	124,900	- 1,300	8,300
GOVERNMENT	207,600	205,400	204,500	2,200	3,100
FEDERAL GOVERNMENT	28,000	28,400	28,600	- 400	- 600
STATE GOVERNMENT	57,100	56,200	55,300	900	1,800
EDUCATION	25,300	24,500	24,300	800	1,000
OTHER STATE	31,800	31,700	31,000	100	800
LOCAL GOVERNMENT	122,500	120,800	120,600	1,700	1,900
EDUCATION	78,500	77,000	78,000	1,500	500
OTHER LOCAL	44,000	43,800	42,600	200	1,400
LABOR-MANAGEMENT DISPUTES	100	100	0	0	100

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

much stronger prices. Specialty horticultural products which includes nursery and greenhouse products, Christmas trees, bulbs, etc. continued to be a bright spot as sales rose by 12%. In 1985, this segment of agriculture barely edged out cattle and calves to claim the distinction of having the highest value of farm sales. This year, specialty products growers strengthened their leading position since the value of cattle and calve sales declined by about 5% due to smaller herd size.

In general, agriculture remained a weak link in Oregon's economy in 1986. Commodity surpluses, low market prices, high debt levels, declining asset values, and foreign competition continued to impact many producers. These problems were cushioned, however, by government transfer payments, falling interest rates and oil prices, one of the lowest inflation rates in over two decades, and a further drop in the foreign exchange value of the dollar which makes U.S. products easier to sell abroad.

The cheaper dollar wasn't able to reverse the trend of job losses in manufacturing during 1986, but Oregon's number one basic industry, lumber and wood products, managed to do so. The formula used was actually a concoction of lower interest rates, strong housing demand, wage and benefit concessions by Oregon mill workers, a protracted labor-management dispute which idled many mills in British Columbia for nearly four months, and also an interim 15% duty imposed on Canadian lumber imports by the U.S. Commerce Department in October. The net result of all these factors was a modest increase of about 800 in lumber and wood products employment in 1986, despite a number of strikes last summer against the major wood products companies. Although employment in this major industry was up over the year to just over 64,000, it remains about 20% below the peak levels of 1978 and 1979.

A different picture emerges, however, if we look at the volume of lumber and plywood produced. Preliminary estimates by the Western Wood Products Association indicate that lumber production in Oregon during 1986 increased by about 11% to an all-time high of around 8 billion board feet! This level is almost 10% higher than in 1979. A similar preliminary estimate by the American Plywood Association puts Oregon's panel production about 5% higher in 1986 compared with 1985. Although this will be a record year for production of structural panels in the U.S., Oregon's volume of about 7.1 billion square feet (3/8 inch basis), representing 30% of U.S. production, will not be a record. In any event, it is evident that the wood products industry has become much more efficient since the late 1970s.

In order to become more competitive with other producers in Canada and the Southern U.S., many wood products companies in the Pacific Northwest have also reduced their operating costs. This past summer, for example, the major firms won significant wage and benefit concessions from union workers amounting to about $3 to $4 per hour. Although these labor settlements will help stabilize employment in many rural Oregon communities, there will be a significant direct and indirect income loss as millworkers curtail their personal spending.

Re-structuring of wages and benefits has been occurring in many other manufacturing industries as well. This trend, plus the changing mix of industries within total manufacturing, largely explains the decline in real average hourly earnings in manufacturing during the past several years (see table). Although actual hourly earnings will be up this year to about $10.59 from $10.49 in 1985 and $7.92 in 1979, this represents a decline in real earnings after adjusting for inflation using the portland CPI-U. Considering that 1986 had one of the lowest inflation rates in over two decades, it is discouraging to see another drop in real average hourly earnings this year to the lowest level in over eight years.

There was only one other manufacturing industry which managed to add more workers in 1986 than lumber and wood products. Employment in transportation equipment jumped by nearly 15% (+1,400) reflecting a pick-up in ship repair activity which began in late 1985. Employment levels in ship repair, however, are very volatile and depend heavily on Navy and Coast Guard jobs which are generally awarded to the lowest bidder.

During the first half of 1986, employment in fabricated metals was bolstered by the construction of oil drilling modules destined for Alaska's North Slope. The sharp drop in oil prices coupled with contract completions, however, have brought this activity to a virtual standstill since last summer.

The real Achilles' heel of Oregon's economy in 1986, at least in terms of employment, was clearly the electronics industry. This sector, which includes part of the machinery industry, electrical equipment and supplies, plus instruments and related products, has been in the doldrums since 1984. Weak markets, excess production capacity, and intense foreign and domestic competition have caused many high tech companies to pare their work forces. The toll in just the past year was a loss of about 8%, or 2,700 jobs. While many expect a turnaround next year fueled by rising export sales, employment in the electronics industry in 1986 will sink to around 31,000 representing the lowest level since 1979.

In summary, Oregon's economy continued to recover and generate new jobs in 1986, but the unemployment rate remained high due to a parallel rise in the labor force. Although trends varied significantly among industries, the general pattern of an employment shift from manufacturing to nonmanufacturing industries continued to dominate. Wage increases in manufacturing were very small, and in some industries such as lumber and wood products, workers took pay cuts to protect jobs. On balance, 1986 was another year of mixed results, where the pluses outweighed the minuses. How Oregon's economy is likely to fare in 1987 will be the focus of an article in next month's issue of Oregon Labor Trends. □

U.S. INCOME MEASURES DIVERGING

Arthur Ayre

Over the past 15 years in the United States, people earning high incomes have increased their lead on those earning lower incomes. This trend has been especially prominent for males, due both to an increase in part-time or temporary work and to a genuine widening of the gulf between pay in the small upper income group and that in the large lower income group.

One way to analyze the available data is to compare the mean income (Total Money Income divided by number of persons with income) with median income (the level at which half of all persons with income earn more and half earn less). The graph shows that, for all males (age 14 and over) with money income, the ratio of mean to median income has risen steadily from 1.13 in 1970 to 1.27 in 1985. This ratio means that, in 1985, the mean income was 27% higher than the median income.

For all females with money income, the ratio hasn't shown a consistent trend, but it is interesting to notice the large discrepancy between the mean and median income. Mean income for all females was 41% higher than median income in 1985, about the same as in 1970.

The ratios for those with year-round, full-time work have remained much more constant than those which also include seasonal, temporary, and part-time workers. Nevertheless, there is a modest trend toward a greater disparity between a smaller upper income group and a larger lower income group. The mean to median ratio for female year-round full-time workers has risen smoothly from 1.08 to 1.11. For males, the ratio has shown considerable fluctuation, apparently in concert with national economic conditions. The ratio for males was as low as 1.10 in 1973 and as high as 1.15 in 1985.

The differences between the all income recipients' ratios and the year-round full-time workers' ratios can be explained partly by the graph of year-round full-time workers as a percent of civilian income recipients. Only slightly over 30% of female civilian income recipients work on a year-round full-time job. Since so many females work at part-time or temporary jobs, it is understandable that the minority who work at full-time year-round jobs would cause the mean income to be much higher than the median income.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Oct. 2/ 1986	Sep. 3/ 1986	Oct. 1985	Oct. 2/ 1986	Sep. 3/ 1986	Oct. 1985	Oct. 2/ 1986	Sep. 3/ 1986	Oct. 1985
TOTAL MANUFACTURING 4/	$405.99	$403.52	$407.40	39.0	38.8	39.4	$10.41	$10.40	$10.34
Durable Goods	418.70	419.10	428.80	39.5	39.5	40.0	10.60	10.61	10.72
Lumber & Wood Products	422.53	422.53	453.10	39.6	39.6	40.6	10.67	10.67	11.16
Logging & Sawmills	450.87	447.08	489.95	39.9	39.6	41.0	11.30	11.29	11.95
Veneer & Plywood	412.38	418.15	439.15	39.5	39.9	40.7	10.44	10.48	10.79
Millwork & Struct Wood	356.90	362.00	354.76	39.7	40.0	39.2	8.99	9.05	9.05
Mobile Homes	296.70	295.27	304.92	34.3	33.9	36.0	8.65	8.71	8.47
Other Wood Products	400.24	400.40	447.72	38.3	38.5	41.0	10.45	10.40	10.92
Furniture & Fixtures	323.23	312.31	335.60	41.6	38.7	40.0	7.77	8.07	8.39
Primary Metals	478.40	485.61	498.78	39.8	40.4	41.6	12.02	12.02	11.99
Fabricated Metals	378.28	390.40	381.97	39.2	40.0	39.5	9.65	9.76	9.67
Machinery	426.34	431.79	416.23	38.9	38.9	38.9	10.96	11.10	10.70
Nondurable Goods	372.62	368.52	353.05	37.6	37.3	37.8	9.91	9.88	9.34
Food & Kindred Products	296.09	284.83	289.13	36.6	36.1	37.5	8.09	7.89	7.71
Canning & Preserving	248.86	243.18	254.60	35.4	35.5	38.0	7.03	6.85	6.70
Other Food Products	404.00	401.74	381.11	39.3	37.9	36.4	10.28	10.60	10.47
Textile Mill Products	243.89	233.06	229.82	39.4	35.8	37.8	6.19	6.51	6.08
Apparel	207.42	210.24	204.98	35.7	36.0	37.0	5.81	5.84	5.54
Paper & Allied Products	610.44	631.91	592.86	40.4	40.9	41.0	15.11	15.45	14.46
Printing & Publishing	439.64	451.51	387.45	37.1	37.1	35.0	11.85	12.17	11.07
Construction 4/	507.38	514.23	490.82	37.5	37.7	35.8	13.53	13.64	13.71
Communications & Utilities 5/	509.56	514.55	502.63	40.7	41.0	40.6	12.52	12.55	12.38
Trade 5/	277.54	286.90	280.38	33.6	34.4	33.7	8.26	8.34	8.32
Wholesale Trade	380.51	382.66	380.14	37.6	37.7	37.6	10.12	10.15	10.11
Retail Trade	229.19	241.08	231.82	31.7	32.8	31.8	7.23	7.35	7.29
Banking & Insurance	301.46	301.21	283.48						
State & Local Government	352.86	372.72	339.86						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

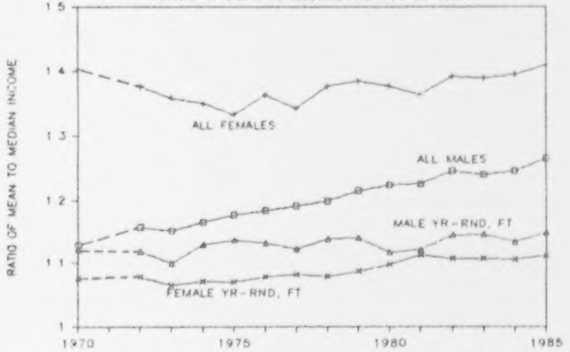
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

During the recessionary periods of the mid-1970s and early 1980s, year-round full-time work decreased among male income recipients, helping to explain the increase in mean to median ratio. During these periods, if those who earned the least were removed from the ranks of the full-time year-round workers, the median income would increase slightly but the mean income would increase substantially, causing a rise in the ratio.

Not shown on the graph is the ratio of median income of males to that of women. For full-time year-round workers, this ratio was 1.69 in 1970 and 1.54 in 1985, showing a drop over the past 15 years but still a large difference between the two medians.

UNITED STATES TOTAL MONEY INCOME

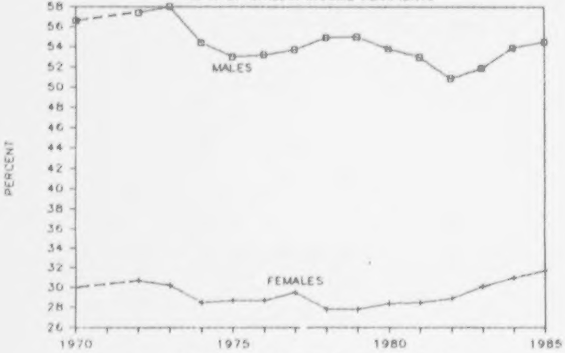
RATIO OF MEAN TO MEDIAN, AGE 14+ BY SEX



SOURCE: U.S. DEPARTMENT OF COMMERCE

U.S. YEAR-ROUND, FULL-TIME WORKERS

AS % OF CIVILIAN INCOME RECIPIENTS



SOURCE: U.S. DEPARTMENT OF COMMERCE ☐

EMPLOYERS' CORNER — MAKING A DIFFERENCE

Dorothy Monnier

As employers, you may wonder if your voice is heard by State legislators or national congressmen. Let me tell you that we know it is.

During the month of August, Ray Thorne, Employment Division Administrator, received a call from UBA, Management Consultants in Washington, D. C., alerting him about a piece of legislation that was moving quickly through Congress. This particular piece of legislation would have extended a temporary .2% tax on the Federal Unemployment Tax Act (FUTA). This tax was imposed in 1977 to pay a debt incurred by an extension of federal UI benefits and was to sunset December 31, 1987.

The extension of this .2% penalty would mean employers would continue paying an additional $14.00 per year on each employee who had earnings of $7,000 or more. This would mean a lot of money to some employers.

The reasons for opposing this legislation were:

1. Revenue from the FUTA tax is dedicated and cannot be spent for any purpose other than that for which it was allocated.
2. Extension of this tax is not necessary because the debt will be paid in full by the end of 1987.
3. This tax is creating a significant surplus (1.2B) in the fund while cuts are being made in the budget outlay. It does not make sense to add a tax while a surplus is building and budgets are being cut.

The Oregon Executive Job Service Employers' Committee (JSEC) executive officers were notified immediately about this legislative bill. The executive officers called Oregon's congressional delegation and the national JSEC chairperson, stating their opposition to the extension. Copies of a letter written by the Douglas County JSEC were mailed to all Oregon JSECs, encouraging them to write letters to their congressmen. There was an overwhelming response from Oregon employers as well as employers nationwide voicing their opposition to this extension.

In October we received a letter from UBA thanking Ray for paving the way in killing this piece of critical legislation. Good communications to Oregon concerned employers who were willing to take a stand, resulted in enough clout to create change at the national level. **UNITED, YOU CAN AND DO MAKE A DIFFERENCE.** ☐

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OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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EMPLOYMENT DIVISION
DEPARTMENT OF HUMAN RESOURCES
875 UNION STREET N.E.
SALEM, OREGON 97311

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JANUARY 1987

OREGON LABOR TRENDS

DECEMBER INDICATORS

UNEMPLOYMENT RATE

Oregon	*(Seas. Adj.)*
Dec. 1986	INA
Nov. 1986	7.5
Dec. 1985	8.4
U.S.	
Dec. 1986	6.7
Nov. 1986	6.9
Dec. 1985	6.9

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	*1977=100*
Dec. 1986	113.7
Nov. 1986	113.2
Oct. 1986	113.0
Sept. 1986	112.2
Aug. 1986	112.5

DIFFUSION INDEX

Oregon	
Dec. 1986	54.7
Nov. 1986	49.2
Oct. 1986	50.8
Sept. 1986	50.8
Aug. 1986	49.6

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
Nov. 1986	39.3
Oct. 1986	38.9
Nov. 1985	38.5

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Nov. 1986	318.0**
Yearly Change	+ 0.3%
U.S.	
Dec. 1986	331.1
Yearly Change	+ 1.1%

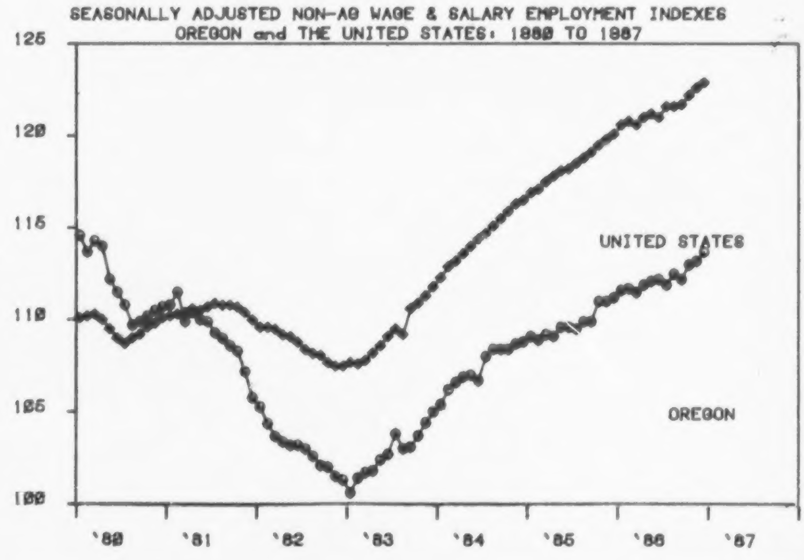
Portland Hotline 221-4132

JOB PICTURE IMPROVES IN DECEMBER

Tom Lancefield

Two of Oregon's labor trends indicators showed strong gains in December, but a third gauge, the unemployment rate, will remain a mystery for several weeks while federal officials re-check the validity of State labor force data they give to Oregon each month. The Oregon Employment Division's monthly estimates of the labor force, total employment and unemployment are developed in accordance with federal methodology which requires using a combination of Division administrative data and household survey information from the Current Population Survey conducted by the U.S. Census Bureau. The Current Population Survey in Oregon collects data on only 680 households, from which the Bureau of Labor Statistics develops control factors used by Oregon to produce the labor force, total employment and unemployment estimates for the State.

Oregon Employment Division officials questioned the reliability of December data from the household survey and have asked the Bureau of Labor Statistics and the Census Bureau to re-check the data. Until this review is accomplished, the Administrator of the Oregon Employment Division has decided not to release labor force and unemployment data which may be inaccurate.



**The new semiannual Portland CPI indexes, covering the first half of 1987, will be issued on August 21, 1987. U.S. CPI data will continue to be released on a monthly basis.

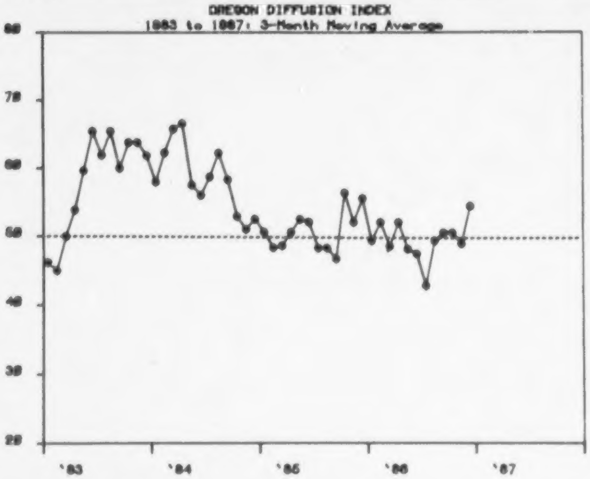
Oregon's nonfarm wage and salary employment by industry series, however, is not affected by this problem since it is based on a different survey of approximately 7,000 Oregon employers conducted by the Employment Division each month. Based on this survey, Oregon's nonfarm payroll employment, which includes all workers except the self-employed, military, private household and farm workers, slipped in December to 1,066,400. December's figure represents a decline of 5,600 jobs from November, and a gain of 23,400 from a year earlier.

Oregon's seasonally adjusted wage and salary employment index stood at 113.7 (1977 = 100), up 0.5 from the preceding month and 2.5 higher than December 1985. This labor market index has been increasing rather steadily from its recession low point of just over 100 in January of 1983. The current index level has been exceeded only five times, all during late 1979 and early 1980.

The Oregon diffusion index, which reflects significant (0.5% or greater) changes in seasonally adjusted employment in 43 selected industries, jumped sharply in December to 54.7, up 5.5 percentage points from the previous month. The current level is the highest since December 1985. Diffusion index estimates are somewhat volatile, and preliminary estimates have been revised by plus or minus 1.1 to 1.5 in recent months. The diffusion index is designed to be a leading indicator, and is weighted towards manufacturing employment. The jump in the December index reflects seasonal strength in wholesale and retail trade, services, printing & publishing, finance, insurance & real estate, and especially lumber and wood products. The diffusion index did not exhibit any strong trends in 1986.

The manufacturing sector recorded a net loss of 4,600 jobs in December, about normal for this time of year, but down 3,300 from a year earlier. Lumber and wood products lost only 200 jobs, compared to an expected seasonal loss of 1,900. The star performers in this sector were logging and millwork & structural wood products. Despite some softening in new home sales nationally (down 8.4% in November from a year earlier), Oregon's wood products industry is expected to post its best year since 1979, benefiting from strong demand and fairly strong prices. Lumber orders received at sawmills in 12 western states hit a record high 558 million board feet in the week ending January 10. Wage concessions by some woodworkers and a new export tax on Canadian lumber have strengthened Oregon wood products' competitiveness. Demand has been spurred by lower mortgage interest rates, mild winter weather through December in much of the U.S., and the recently-ended woodworkers' strike in British Columbia.

Other durables manufacturing posted a seasonally adjusted loss of 1,300 jobs in December. Furniture & fixtures lost 600 jobs, due primarily to the closure of one firm. Shipbuilding & repair, a very volatile industry, lost 800. For the year, 6,900 jobs were lost in other durable goods manufacturing, 3,900 of which were in the "high tech" sector.



In nondurable goods manufacturing there was an overall seasonally adjusted loss of 200 jobs, but the 52,000 total jobs in December represent a gain of 400 from December 1985. Employment in food & kindred products declined at about the normal seasonal rate, but canning & preserving jobs are down 600 from year ago levels, while other food products jobs are up slightly from December 1985.

Other nondurables registered a modest seasonally adjusted decline of 100 jobs from November. Within that sector printing & publishing and chemicals & allied products both showed small monthly gains, as well as gains from year ago levels of 400 and 200 jobs, respectively. Rubber & plastic products remained stable at its highest level ever, 300 over December 1985.

Total nonmanufacturing employment dropped by only 1,000 over the previous month to 873,400, a less than usual seasonal drop. Wholesale and retail trade performed exceptionally well (+4,200), accounting for three-fourths of nonmanufacturing's seasonally adjusted gain of 4,300 jobs. Construction employment declined by a near-normal 1,700 over the month to 30,000 in December, a level 1,000 below a year ago. In residential construction, however, total jobs were at the best December level since 1980.

Finance, insurance & real estate continued to show significant gains both for the month and from year earlier levels (up 3,800 since December 1985).

The services sector generated more than half of the 26,700 gain in nonmanufacturing jobs since a year ago, with a seasonally adjusted gain of 1,100 for the month (a loss of 1,200 jobs was the expected seasonal change; the actual loss was only 100).

Seasonally adjusted gains or losses for any one month should be interpreted cautiously, because they do not take into account the perhaps atypical employment patterns of the months immediately preceding. Job trends over several months are therefore, more meaningful. Monthly seasonal adjustment factors, however, help provide some insight into underlying economic trends.

On balance, December's data are consistent with trends seen in recent months: overall modest economic growth, but very uneven, with some sectors thriving while others continue to struggle.□

ECONOMIC OUTLOOK—1987

Jeff Hannum

After four years of slow but steady economic recovery, Oregonians can look forward to more of the same in 1987. Although the rate of growth in the State's economy is not likely to match the 1986 pace, the pattern of growth, at least in employment terms, will be similar. Nonmanufacturing industries will again account for nearly all of the new jobs, while manufacturing industries continue to adjust to very competitive market conditions and high foreign imports.

Oregon's slower growth prospects for 1987, however, come on the heels of a stronger 1986 than previously thought. In last month's issue of Labor Trends, we projected based on preliminary data that Oregon's 1986 nonfarm wage and salary employment would average 1,050,800. While this represented a modest 2.1% gain from 1985, it was also over 5,000 jobs short of Oregon's pre-recession peak of 1,056,200 set in 1979. Since last month, the Employment Division has revised its nonfarm payroll employment series for both 1985 and 1986 to reflect more recent industry employment benchmarks derived from employer tax reports.

When this new industry employment series is published next month it will show that wage & salary employment grew faster last year (+2.6%), and barely surpassed an old milestone, the 1979 pre-recession peak. The impact of these revisions on specific industries will be the focus of an article in next month's issue of Labor Trends. For now, suffice it to say that the manufacturing sector fared a little worse in both 1985 and 1986, while employment gains in nonmanufacturing were stronger than previously thought.

In 1987, the economic environment will change, in some ways significantly, but prospects for a fifth straight year of economic growth, both nationally and in Oregon, are relatively good. In 1986, consumer spending, which accounts for two-thirds of the Nation's GNP, and residential construction were two of the mainstays of economic growth. The sharp drop in interest rates, oil prices, and the overall inflation rate (both retail and wholesale) in 1986 provided a strong spending stimulus, similar to a tax cut. In 1987, however, these sectors are expected to lose some steam, as the inflation rate and oil prices both rise moderately and interest rates stabilize.

One major change this year will be in the tax environment. Although no one can say for sure just what the impact of the federal tax overhaul will be, and how Oregon's tax code will be revised in order to reconnect with it, the prevailing view is that most consumers will benefit due to a tax shift from households to the business sector.

Will this provide a significant boost to consumer spending in Oregon during 1987? Probably not, because State income taxes are expected to rise due to lower federal tax deductions, household debt levels are already high, and real personal incomes are likely to show very modest growth due to the State's high unemployment rate and continuing problems in several key industries. Even though employment levels will move up in 1987, many of the new jobs will come in the trade and service industries where average pay levels are relatively low and part-time employment is more common. Recent wage & benefit reductions in basic industries such as lumber and wood products, and weak farm income prospects in many agricultural areas of the State will also tend to put a damper on spending growth.

In 1986, consumer spending in Oregon received a strong boost from a record number of tourists, many of whom were en route to Expo 86 in Vancouver, B.C. Although tourist-related spending is likely to be healthy in 1987, it will probably be down from last year's record level without the magnet of a major event like Expo. Oregon is likely to attract more foreign visitors, especially from Japan, in 1987, however, due to the yen's dramatic rise in value over the past two years, a recent Japanese television series on Oregon, and a major expansion in direct service airline flights between Portland and Tokyo scheduled to begin in March.

Last year's sharp drop in interest rates pushed U.S. housing starts to about 1.8 million units in 1986, the best level since the late 1970s. In addition, the low rates caused sales of existing homes and mortgage refinancing activity to soar. Oregon's lumber and wood products industry was a major beneficiary as market demand boomed. In 1987, U.S. housing starts are expected to slip into the 1.6 to 1.7 million range as multiple family residential construction declines due to rising vacancy rates and the loss of preferential tax treatment. Oregon's timber industry, however, will enjoy another good, and perhaps even better, year for the following reasons:

- mortgage interest rates will remain very favorable.
- the drop in housing starts will be confined to multiple family units which use about one-third as much wood as single family units.
- and Oregon's competitive position has been strengthened considerably by recent wage and benefit reductions, the imposition of a 15% Canadian export tax on structural lumber in January, and the continuing drop in the foreign exchange value of the dollar which should boost Oregon exports.

Homebuilding and remodeling will also be the strongest sector of Oregon's construction industry in 1987. The new tax law, tight government budgets, loss of federal revenue sharing, and weak market demand for new commercial and industrial space will tend to limit activity in nonresidential building and heavy construction.

Last year, the major loser in terms of annual average employment was Oregon's electronics industry which lost about 2,700 jobs, or 8% of its work force. The picture gets even worse if you look at the decline between December 1985 and December 1986 (-3,900). Weak markets, excess production capacity, and intense foreign and domestic competition dropped high tech employment last year to its lowest level since the late 1970s.

Employment forecasts for Oregon's electronics industry in 1987 range anywhere from about 1,000 lower to as much as 2,000 higher. The wide variation reflects uncertainty about the new tax law's effect on capital equipment spending, of which roughly a third is for electronics/computer equipment. Oregon's electronics industries are mostly oriented toward the manufacture of business equipment or components rather than consumer goods. The difference in forecasts also reflects uncertainty about federal trade legislation and prospects for higher export sales due to a steadily declining dollar.

If there is one area that holds the key to how well the overall economy, both nationally and in Oregon, will fare in 1987, it is probably foreign trade. Optimistic forecasters expect to see significant improvement in our exports along with lower imports during 1987 primarily reflecting the decline in the dollar's value over the past two years. They cite rising U.S. exports since last summer along with a slowdown in the growth of imports.

Less optimistic forecasters expect a much slower turnaround this year in the trade balance with significant improvement not coming until 1988. They cite the fact that the Nation's foreign trade deficit soared to a record high $170 billion last year even though the dollar has been sliding since early 1985. They also note that while the dollar has weakened considerably against the currencies of Japan and West Germany, it has not fallen against the currencies of many newly industrialized countries in the Pacific Rim. Since imports from these countries are still inexpensive, they have been able to capture a growing share of U.S. markets at the expense of Japan and Europe. To the unemployed U.S. factory worker, however, the issue is imports period, not whether they come from Japan, South Korea, or Pluto.

Since many of the newly industrialized countries have pegged the value of their currencies to our dollar, the federal government's strategy of allowing the dollar to plummet has met with only limited success. One of the main reasons for this strategy was to pressure Japan and the European countries to do more to stimulate their own economies, thereby increasing foreign demand for U.S. exports. In late January this policy finally began to bear fruit as Japan and the European countries agreed to reduce their key interest rates. While this action is a positive sign, the dollar's steep decline runs the risk of re-igniting inflation, discouraging foreign investment in the U.S., and as mentioned earlier, may be doing more to shift the source of imports than to significantly reduce them. In any event, foreign trade is of vital importance to the 1987 economic outlook for Oregon as well as the Nation.

As the debate over this issue heats up in the political arena in 1987, we should remember that protectionist measures, although they may be justified in some instances, can produce a chain reaction of trade restrictions in other areas. If this cycle gets out of control, as it did in the 1930s, the result could be lower levels of economic activity and employment in many nations.

Another point to consider is that while export activity generates the most jobs (i.e. in production and distribution), imports generate jobs, also, in distribution activities. The trade-off in jobs would be different from state to state. For example, if Oregon lost distribution-related jobs due to a drop in Japanese auto imports through Portland, we might be worse off while Michigan, and perhaps California, would benefit from an increase in domestic auto production.

In contrast to the relatively stable outlook for Oregon's manufacturing employment (with the possible exception of the electronics industry), nonmanufacturing will continue to grow in 1987 at a moderate rate. Virtually all of the major industry categories, however, are likely to add fewer workers in 1987 than they did last year, due to weak income gains, or even losses, in the basic sectors of the economy, tax reform impacts on industries such as construction, fewer out-of-state tourists, high consumer debt levels, etc. In the finance and real estate sectors, lending and sales activities will remain strong due to relatively low and stable mortgage interest rates, but the frenetic pace of last year should slow.

In Government, the loss of federal revenue sharing will hurt local government budgets, but receipts from federal timber sales may rise due to the recent strength of wood products markets. State government will be bolstered by the start of another legislative session, and reshaped somewhat by Oregon's new Governor, Neil Goldschmidt.

Employment gains in services will once again outperform the rest of the field, led by business and health services, which show few signs of slowing down. Last year, these two service categories grew at rates well above average (12.4% and 4.8%). They reflect the continuing transition from an industrial-based economy to one which is increasingly information-based and service-oriented.

This trend is also reflected by the steady job growth in retail and wholesale trade, even when the State's population declines, as it apparently did last year. Most of the new retail jobs are expected to come in food stores, eating establishments and general merchandise stores. As more women work outside the home, family incomes rise, spare time falls, more meals are eaten out, and convenience stores, products and services become more essential.

One industry in which this trend of more women working outside the home may be evident in 1987 is agriculture. The reason, however, has more to do with economic necessity than "women's lib". Although some sectors of Oregon's very diverse agricultural industry are relatively healthy (e.g. specialty horticultural products, berries, grass seed), there are other key sectors which are not. Problems include commodity surpluses, low prices, weak domestic and/or export demand, high debts, declining farmland values, and other woes. An OSU Extension Service survey of farm lending institutions conducted last fall revealed that nearly 9% of Oregon's farm operators are likely to quit farming this year due to financial difficulties. This estimate, made by the lending institutions, varied from a low of 6.2% in Southern

RESIDENT OREGON LABOR FORCE

	DEC. 1986 1/	NOV. 1986 2/	CHANGE	% CHANGE	DEC. 1985 5/
CIVILIAN LABOR FORCE 3/	N/A	1,403,000	N/A	N/A	1,334,300
UNEMPLOYMENT	N/A	104,500	N/A	N/A	119,100
PERCENT OF LABOR FORCE	N/A	7.4	XXX	XXX	8.9
SEASONALLY ADJUSTED PERCENT	N/A	7.5	XXX	XXX	8.4
TOTAL EMPLOYMENT 4/	N/A	1,298,500	N/A	N/A	1,215,200

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1985 AND JANUARY 1986, DATA FOR 1986 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	DEC. 1986 1/	NOV. 1986 2/	DEC. 1985	NOV. 1986	DEC. 1985
TOTAL 3/	1,066,400	1,072,000	1,043,000	- 5,600	23,400
WAGE & SALARY EMPLOYMENT INDEX 4/	113.7	113.2	111.2	XXX	XXX
DIFFUSION INDEX 5/	54.7	49.2	55.8	XXX	XXX
TOTAL MANUFACTURING	193,000	197,600	196,300	- 4,600	- 3,300
DURABLE GOODS	141,000	143,000	144,700	- 2,000	- 3,700
LUMBER & WOOD PRODUCTS	65,300	65,500	62,100	- 200	3,200
LOGGING & SAWMILLS	33,900	34,400	32,000	- 500	1,900
VENEER & PLYWOOD	17,300	17,300	16,200	0	1,100
MILLWORK & STRUCTURAL WOOD	9,100	8,800	8,800	300	300
MOBILE HOMES	1,400	1,400	1,500	0	- 100
OTHER WOOD PRODUCTS	3,600	3,600	3,600	0	0
FURNITURE AND FIXTURES	2,200	2,800	2,800	- 600	- 600
STONE, CLAY, GLASS & CONCRETE	2,700	2,800	2,700	- 100	0
PRIMARY METALS	8,300	8,300	8,800	0	- 500
BLAST FURNACES, IRON & STEEL	5,200	5,200	5,700	0	- 500
NONFERROUS METALS	3,100	3,100	3,100	0	0
FABRICATED METALS	10,600	10,900	12,000	- 300	- 1,400
FABRICATED STRUCTURAL METALS	5,000	5,100	6,300	- 100	- 1,300
OTHER FABRICATED METALS	5,600	5,800	5,700	- 200	- 100
MACHINERY	14,400	14,500	15,400	- 100	- 1,000
ELECTRICAL EQUIPMENT & SUPPLIES	12,900	13,100	13,600	- 200	- 700
TRANSPORTATION EQUIPMENT	9,900	10,400	10,500	- 500	- 600
INSTRUMENTS & RELATED PRODUCTS	12,100	12,100	14,200	0	- 2,100
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,600	0	0
NONDURABLE GOODS	52,000	54,600	51,600	- 2,600	400
FOOD & KINDRED PRODUCTS	20,800	23,500	21,200	- 2,700	- 400
CANNING & PRESERVING	10,100	12,700	10,700	- 2,600	- 600
OTHER FOOD PRODUCTS	10,700	10,800	10,500	- 100	200
TEXTILE MILL PRODUCTS	1,600	1,600	1,700	0	- 100
APPAREL	2,300	2,300	2,300	0	0
PAPER & ALLIED PRODUCTS	9,000	9,000	9,100	0	- 100
PRINTING & PUBLISHING	12,000	11,900	11,600	100	400
CHEMICALS & ALLIED PRODUCTS	2,100	2,000	1,900	100	200
PETROLEUM REFINING	300	400	300	- 100	0
RUBBER & PLASTIC PRODUCTS	3,300	3,300	3,000	0	300
LEATHER PRODUCTS	600	600	500	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	DEC. 1986	NOV. 1986	DEC. 1985	CHANGE FROM NOV. 1986	CHANGE FROM DEC. 1985
(CONT.)					
TOTAL NONMANUFACTURING	873,400	874,400	846,700	- 1,000	26,700
MINING & QUARRYING	1,500	1,700	1,500	- 200	0
CONSTRUCTION	30,000	31,700	31,000	- 1,700	- 1,000
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	59,800	59,600	59,400	200	400
TRANSPORTATION	38,800	38,500	37,600	300	1,200
RAILROAD	4,400	4,500	4,700	- 100	- 300
TRUCKING & WAREHOUSING	22,900	22,400	21,700	500	1,200
OTHER TRANSPORTATION	11,500	11,600	11,200	- 100	300
COMMUNICATIONS	12,700	12,800	13,200	- 100	- 500
UTILITIES	8,300	8,300	8,600	0	- 300
TRADE	274,900	270,700	267,400	4,200	7,500
WHOLESALE TRADE	67,400	66,900	67,700	500	- 300
DURABLE GOODS	39,200	38,900	39,600	300	- 400
NONDURABLE GOODS	28,200	28,000	28,100	200	100
RETAIL TRADE	207,500	203,800	199,700	3,700	7,800
GENERAL MERCHANDISE	30,700	28,400	29,000	2,300	1,700
FOOD STORES	31,600	31,900	29,500	- 300	2,100
AUTO DEALERS & SERVICE STATIONS	24,300	24,400	23,900	- 100	400
OTHER RETAIL TRADE	120,900	119,100	117,300	1,800	3,600
FINANCE, INSURANCE, & REAL ESTATE	71,400	70,800	67,600	600	3,800
BANKING & CREDIT AGENCIES	24,100	23,900	23,900	200	200
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,300	46,900	43,700	400	3,600
SERVICES	232,600	232,700	218,000	- 100	14,600
HOTELS & PERSONAL SERVICES	24,300	24,400	23,100	- 100	1,200
HEALTH SERVICES	74,300	73,900	70,800	400	3,500
OTHER SERVICES	134,000	134,400	124,100	- 400	9,900
GOVERNMENT	203,200	207,200	201,800	- 4,000	1,400
FEDERAL GOVERNMENT	28,200	28,100	28,500	100	- 300
STATE GOVERNMENT	54,600	56,600	54,500	- 2,000	100
EDUCATION	24,800	25,300	24,100	- 500	700
OTHER STATE	29,800	31,300	30,400	- 1,500	- 600
LOCAL GOVERNMENT	120,400	122,500	118,800	- 2,100	1,600
EDUCATION	77,000	78,500	76,400	- 1,500	600
OTHER LOCAL	43,400	44,000	42,400	- 600	1,000
LABOR-MANAGEMENT DISPUTES	0	100	0	- 100	0

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

Oregon to highs of 13.4 and 12.2% in Central and Eastern Oregon. Those experiencing the greatest difficulty repaying their nonreal estate debts were grain farmers and beef cattle ranchers. For many of these farmers and ranchers, the last recession never ended in 1983.

One last wrinkle in the 1987 outlook that will probably affect agriculture more than any other industry is the impact of the Immigration Reform and Control Act passed by Congress last fall. This law establishes a one year "window" period beginning in May for illegal aliens who have resided in the U.S. prior to January 1982 to apply for legal resident status. According to the federal Immigration and Naturalization Service in Portland, between 100,000 and 125,000 undocumented workers are expected to apply in Oregon. The vast majority of these people are likely to be farm, food processing or reforestation workers. Employers will be impacted in a number of ways relating to labor costs (these may rise), employment conditions, and record keeping requirements.

In summary, Oregon's economy will continue to grow and generate new employment opportunities in 1987, as the business expansion enters its fifth straight year. Although the State's important timber industry can look forward to another year of strong market demand, employment in the manufacturing sector of the State's economy is expected to remain stable at best due to intense competition and the emphasis on improving productivity and reducing operating costs. How well manufacturing industries fare this year will be heavily influenced by the amount of business spending on capital equipment nationally and on the rate of improvement in our net exports.

Nonmanufacturing industries, led by services and trade, will once again create virtually all of the net new jobs. Since total employment is likely to grow more slowly this year while the labor force continues to expand, Oregon's annual average unemployment rate is not expected to change much from 1986.□

EMPLOYERS' CORNER—YOUR TAX DOLLARS AT WORK

Dorothy Monnier

The Oregon State Employment Division has been on the forefront of developing a proposal to change the current system of collecting Unemployment Insurance taxes. This proposal is referred to as the Equity Act or Devolution, and gives the responsibility for COLLECTION and ALLOCATION of the employment security taxes to the states.

THE EQUITY ACT - DEVOLUTION

From the inception of the unemployment insurance tax system, there has evolved two payroll taxes. Employers have paid a tax called the Federal Unemployment Tax Act (F.U.T.A.) tax to the Internal Revenue Service ,which is used for administration of the program. The receipts reside in the U.S. Treasury and are allocated by Congress to the federal Department of Labor which, in turn, allocates administrative dollars to the states. The other tax is paid by employers to the state employment security agency (the Employment Division in Oregon) to be used for payment of unemployment benefits. This tax is state specific and resides in the U.S. Treasury. In general, this dual system worked because of a partnership where the two partners did their job well. The federal partner provided oversight and funding for the states to deliver the required programs, and the states were responsible for determining the conditions under which unemployment benefits would be paid.

For the last several years, however, the federal government has been increasingly obtrusive as to how to run the programs and less responsible when it comes to funding the system.

ISSUE

The issue is the need for responsible, adequate funding of the employment security system permitting the maximum capability to meet state and local needs for a public employment service, an unemployment insurance program, and a labor market information program.

EXPLANATION

Oregon can no longer afford the separation of the budget and program responsibilities. State government must be allowed to be responsive to the needs of employers and employees who want programs and strategies that will meet their problems. Those employers and employees ought to be able to expect their legislature and Governor to have the authority to address local issues and to balance administrative and trust fund impact decisions. Collection of the administrative tax by the Employment Division and allocation by the state budget process is much more likely to accomplish this.

In addition, the administrative tax can be collected more cheaply and more effectively when collected at the same time that the benefit tax is collected, saving employers paperwork.

Because of Oregon's comparatively small wage base, we would have collected less tax at the Equity Act minimum tax rate than what we received in administrative funding for FY 1985 and FY 1986 (approximately $5 million per year). Some 14 states would have been in the same position. Therefore, the Equity Act provides for "hold harmless" funding for those states. The amount involved is relatively small, system wide, particularly given the deletion of many wasteful processes such as the charge by I.R.S. to collect the F.U.T.A. tax.

We believe that the Equity Act will strengthen and restore the federal/state partnership. This is good government legislation which provides the resources and the flexibility needed to accomplish Oregon's Comeback Plan.□

CPI REVISIONS: INTO THE FOREST

Duane Ackerson

The Consumer Price Index (CPI) is a measure that can do more than merely slake the individual's curiosity about how big a bite the wolf has taken out of his door. It is also the foundation for nonliquid "COLA's" (cost of living adjustments) used in labor contracts, rental agreements, and other legal documents. These documents have as much to say about future consumption patterns as the CPI does about past ones.

The CPI will undergo major revision with the February 21 publication of the January 1987 CPI. This will, for the first time, see the replacement of the 1970 Census of Population with the 1980 Census in the geographic distribution of consumers. In addition to a number of technical changes, revised indexes will therefore reflect more recent population trends and spending patterns. The sample has been reallocated to provide the most accurate CPI at the national level; as a result, some local area samples are no longer reliable enough to permit publication with the same frequency as before. Despite these changes, the base year will remain 1967, and national CPI's will continue to be published on a monthly basis.

As a result of this reallocation, 12 of the 28 local areas will now be published on a semiannual average basis. One of these is the Portland-Vancouver, Oregon-Washington area, previously compiled bimonthly. Revised CPI data will be released for the first time on August 21, 1987 for the 12 areas that include Portland. Because of the revisions mentioned and the change in the frequency of both Portland indexes (CPI for All Urban Consumers and CPI for Wage Earners and Clerical Workers, generally abbreviated CPI-U and CPI-W), current users of the Portland CPI would do well in the future to use national CPI data for contract escalator purposes. National data, with its larger sample size, is less subject to error than any local index, itself a subset of the national index.

The November 1986 CPI-U for the Portland area, at 318.0, was only a shade (0.3%) above the year ago index of 317.1. However, anyone seeing the wolf receding into the distance should recall that a market basket of goods and services valued at $10.00 19 years ago would cost $31.80 in November of 1986. Red Riding Hood is not out of the forest yet.□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Nov. 2/ 1986	Oct. 3/ 1986	Nov. 1985	Nov. 2/ 1986	Oct. 3/ 1986	Nov. 1985	Nov. 2/ 1986	Oct. 3/ 1986	Nov. 1985
TOTAL MANUFACTURING 4/	$415.01	$404.56	$403.87	39.3	38.9	38.5	$10.56	$10.40	$10.49
Durable Goods	423.86	417.52	418.94	40.1	39.5	39.3	10.57	10.57	10.66
Lumber & Wood Products	435.23	420.28	435.90	40.6	39.5	39.2	10.72	10.64	11.12
Logging & Sawmills	458.46	448.94	460.08	40.5	39.8	38.5	11.32	11.28	11.95
Veneer & Plywood	439.52	410.41	439.68	42.1	39.5	40.9	10.44	10.39	10.75
Millwork & Struct Wood	352.17	353.82	357.08	39.0	39.8	39.5	9.03	8.89	9.04
Mobile Homes	292.46	296.70	278.88	33.5	34.3	33.2	8.73	8.65	8.40
Other Wood Products	448.03	399.47	449.85	41.6	38.3	40.6	10.77	10.43	11.08
Furniture & Fixtures	325.97	320.90	339.42	40.9	41.3	40.6	7.97	7.77	8.36
Primary Metals	497.76	475.21	500.08	40.7	39.8	41.5	12.23	11.94	12.05
Fabricated Metals	369.95	378.30	376.11	38.1	39.0	38.3	9.71	9.70	9.82
Machinery	443.77	424.86	425.58	39.8	38.8	39.7	11.15	10.95	10.72
Nondurable Goods	389.98	374.50	365.00	37.0	37.6	36.5	10.54	9.96	10.00
Food & Kindred Products	315.58	296.75	291.71	35.3	36.5	34.4	8.94	8.13	8.48
Canning & Preserving	258.72	249.22	231.84	33.0	35.4	32.2	7.84	7.04	7.20
Other Food Products	407.03	404.04	397.82	39.1	39.0	38.4	10.41	10.36	10.36
Textile Mill Products	247.92	243.89	206.38	38.2	39.4	34.0	6.49	6.19	6.07
Apparel	211.12	209.60	211.10	36.4	36.2	37.9	5.80	5.79	5.57
Paper & Allied Products	615.38	616.31	589.28	40.7	40.6	40.5	15.12	15.18	14.55
Printing & Publishing	439.93	435.79	392.76	36.6	36.9	36.0	12.02	11.81	10.91
Construction 4/	462.30	506.31	458.67	34.5	37.7	33.9	13.40	13.43	13.53
Communications & Utilities 5/	525.71	505.06	510.88	41.2	39.8	41.4	12.76	12.69	12.34
Trade 5/	282.20	282.07	277.72	34.0	33.7	33.5	8.30	8.37	8.29
Wholesale Trade	388.03	382.23	383.35	37.6	37.4	37.4	10.32	10.22	10.25
Retail Trade	234.90	234.78	227.20	32.4	31.9	31.6	7.25	7.36	7.19
Banking & Insurance	322.34	301.52	290.21						
State & Local Government	348.37	352.23	340.54						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

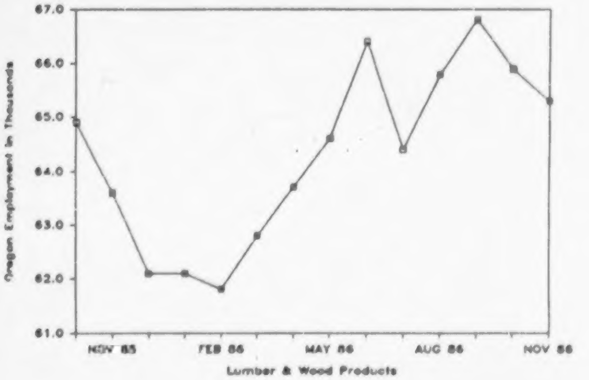
3/ Revised

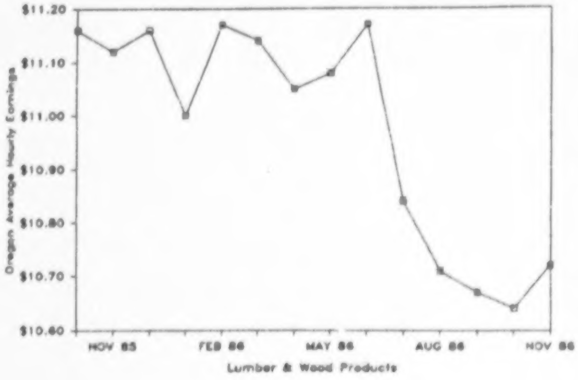
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

HOURS & EARNINGS

Jason Yohannan



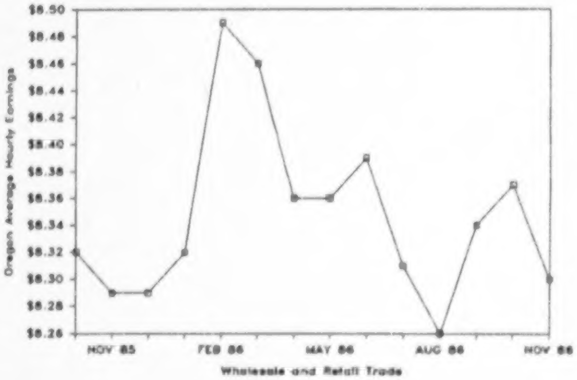


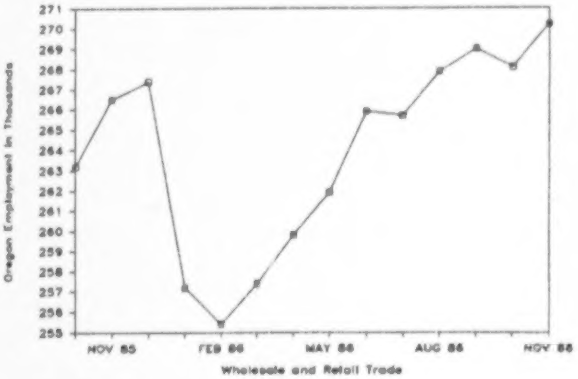
Hours & earnings statistics do not always move in the same direction as employment figures. While most folks would agree that increased employment in just about any industry is healthy for the economy, increased employment does not always lead to increased average earnings. Some notable 1986 examples follow, along with several illustrations.

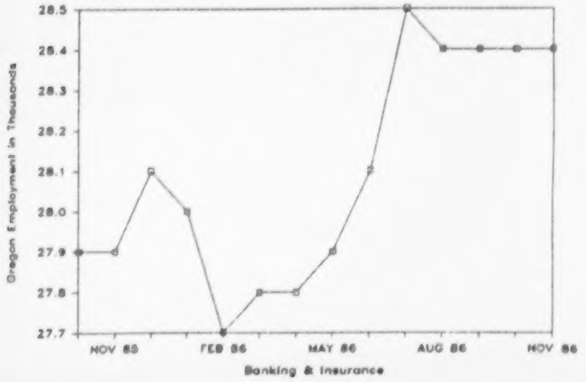
In lumber & wood products, 1986 employment levels show moderate improvement over 1985, blurred slightly by effects of several labor disputes and normal winter slowing. Indeed, the strong national housing market has led to high production throughout the industry. However, increased competition between geographic regions and among various forms of wood materials has forced the industry to produce more with less. As one result, workers have suffered pay cuts which show up vividly in the late 1986 months.

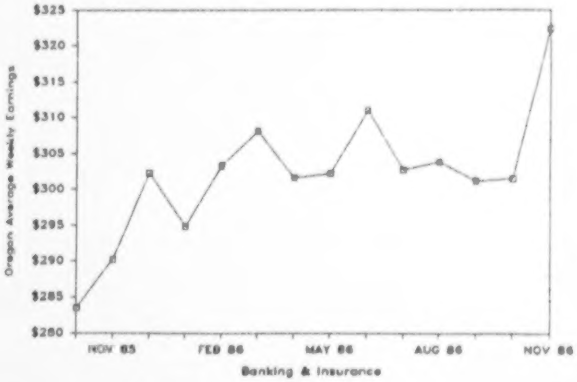
In wholesale and retail trade, employment shows steady expansion over the year after January's annual post-holiday dive. Hourly earnings, however, show no significant improvement. This average suggests that any pay increases possibly attained by established employees are being offset by more new workers who come in at the low end of the pay scale.

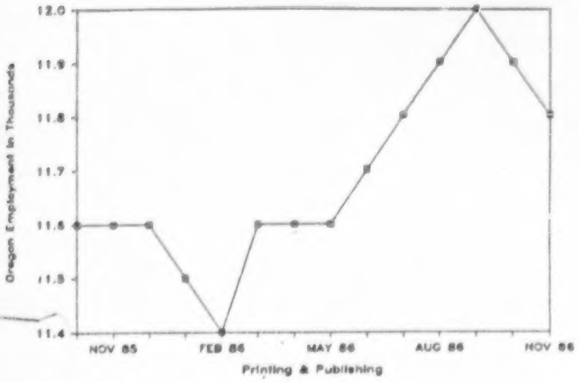
A brighter picture emerges in two of Oregon's other industries. In banking & insurance, both employment and weekly earnings show healthy gains in 1986 after a slow start and some weak years before that. Most firms have returned to profitability here.



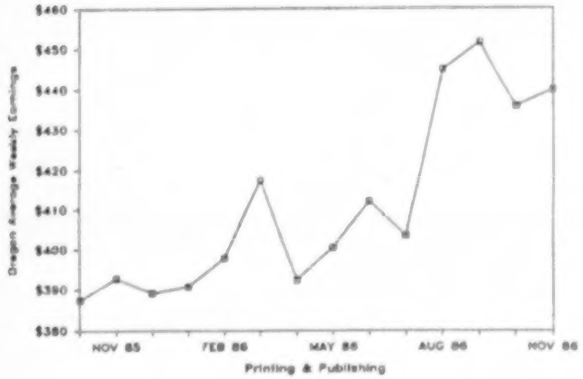








In printing & publishing, employment has nudged quietly upward, and weekly earnings show substantial progress in the summer and fall. A big reason for this improvement is likely the 1986 general election. Campaign spending was at an all-time high, and the printing & publishing industry was one of the prime beneficiaries of this spending. Business was brisk, and overtime hours were often used. As a result, pay went up. Although the push of an election year will not be around to help this industry in 1987, its outlook is mostly favorable.



A more complete review of the outlook for Oregon's industries can be found in a separate article within this issue of Oregon Labor Trends.□

AFFIRMATIVE ACTION UPDATES AVAILABLE

As of the middle of January, updates of 'Table 4' in the 'Data for Affirmative Action Programs' packet will be available. The updates cover the period July 1985 to June 1986. Table 4 summarizes the demographic and occupational characteristics of applicants of the Oregon State Employment Service. The occupational categories are compatible with 1980 Census categories, and a more detailed listing of 1980 Census occupational categories is included for reference. The updated tables are available for each of Oregon's four Metropolitan Statistical Areas and for each of the non-MSA counties. They may be ordered by writing:

Employment Division - R & S
Attn: Affirmative Action Data
875 Union St., N.E.
Salem, OR 97311
ph. (503) 378-8657

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

FEBRUARY 1987

JANUARY INDICATORS

UNEMPLOYMENT RATE

Oregon	(Seas. Adj.)	
Jan.	1987	7.3
Dec.	1986	7.8
Jan.	1986	8.8
U.S.		
Jan.	1987	6.7
Dec.	1986	6.7
Jan.	1986	6.8

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977 = 100	
Jan.	1987	114.9
Dec.	1986	114.2
Nov.	1986	113.8
Oct.	1986	113.7
Sept.	1986	112.9

DIFFUSION INDEX

Oregon		
Jan.	1987	57.8
Dec.	1986	53.5
Nov.	1986	48.5
Oct.	1986	50.4
Sept.	1986	51.6

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Dec.	1986	39.9
Nov.	1986	39.3
Dec.	1985	39.2

CONSUMER PRICE INDEX (CPI)

1967 = 100
ALL URBAN CONSUMERS

Portland MSA		
Nov.	1986	318.0**
Yearly Change		+ 0.3%
U.S.		
Jan.	1987	333.1%
Yearly Change		+ 1.4%

Portland Hotline 221-4132

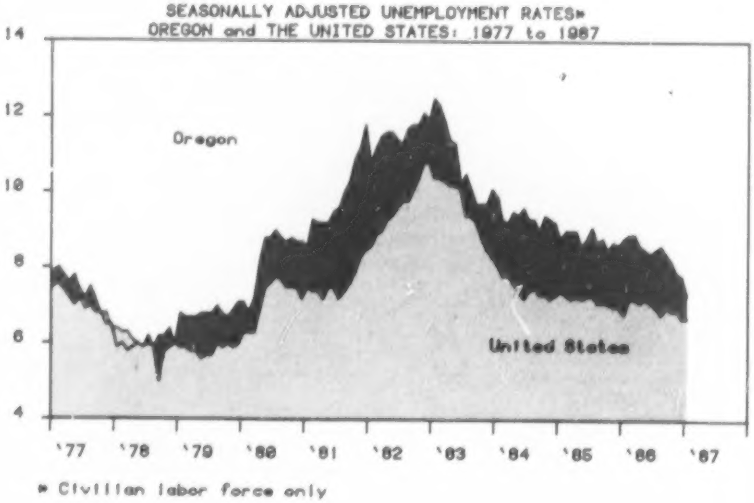
ON YOUR MARK . . . . . GET SET . . . . . GO!!

Jeff Hannum

With that, Oregon's economy was metaphorically off and running in January! Although 11 of the 12 laps in the "1987 America's Cup Marathon" still lie ahead, Oregon's economy was surprisingly fast out of the starting blocks.

In many respects, Oregon's economy is always in a competitive race.....with other states, other countries, and even with its own economic potential. With this in mind, Oregonians can feel good about the scoreboard so far this year. To begin with, the recent annual benchmark revisions revealed that nonfarm wage and salary employment gains in 1986 were stronger than originally thought (+2.6%, or 26,500 more jobs than in 1985). Similar annual revisions to the unemployment series showed a slightly larger drop in Oregon's annual average unemployment rate last year to 8.5% (114,000 persons) from 8.8% (116,000 persons) in 1985.

While the annual average jobless rate was affected very little by the benchmark process, the monthly trend during 1986 was revised significantly. As the graph below shows, Oregon's jobless rate improved steadily throughout the year, rather than displaying the roller coaster trend originally reported.



**The new semiannual Portland CPI indexes, covering the first half of 1987, will be issued on August 21, 1987. U.S. CPI data will continue to be released on a monthly basis.

RESIDENT OREGON LABOR FORCE

	JAN. 1987 1/	DEC. 1986 2/	CHANGE	% CHANGE	JAN. 1986 5/
CIVILIAN LABOR FORCE 3/	1,352,300	1,353,700	- 1,400	- 0.1	1,313,300
UNEMPLOYMENT	113,800	111,600	2,200	2.0	133,500
PERCENT OF LABOR FORCE	8.4	8.2	XXX	XXX	10.2
SEASONALLY ADJUSTED PERCENT	7.3	7.8	XXX	XXX	8.8
TOTAL EMPLOYMENT 4/	1,238,500	1,242,100	- 3,600	- 0.3	1,179,800

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1986 AND JANUARY 1987, DATA FOR 1987 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	JAN. 1987 1/	DEC. 1986 2/	JAN. 1986	DEC. 1986	JAN. 1986
TOTAL 3/	1,052,100	1,072,800	1,020,800	- 20,700	31,300
WAGE & SALARY EMPLOYMENT INDEX 4/	114.9	114.2	111.5	XXX	XXX
DIFFUSION INDEX 5/	57.8	53.5	45.7	XXX	XXX
TOTAL MANUFACTURING	189,200	192,700	190,800	- 3,500	- 1,600
DURABLE GOODS	138,700	139,900	140,500	- 1,200	- 1,800
LUMBER & WOOD PRODUCTS	63,200	64,400	60,600	- 1,200	2,600
LOGGING & SAWMILLS	31,900	33,000	30,900	- 1,100	1,000
VENEER & PLYWOOD	17,200	17,100	16,100	100	1,100
MILLWORK & STRUCTURAL WOOD	9,300	9,500	8,700	- 200	600
MOBILE HOMES	1,200	1,200	1,300	0	- 100
OTHER WOOD PRODUCTS	3,600	3,600	3,600	0	0
FURNITURE AND FIXTURES	2,200	2,300	2,600	- 100	- 400
STONE, CLAY, GLASS & CONCRETE	2,900	3,000	3,000	- 100	- 100
PRIMARY METALS	8,500	8,400	8,700	100	- 200
BLAST FURNACES, IRON & STEEL	5,200	5,100	5,400	100	- 200
NONFERROUS METALS	3,300	3,300	3,300	0	0
FABRICATED METALS	10,000	10,200	11,100	- 200	- 1,100
FABRICATED STRUCTURAL METALS	4,400	4,500	5,300	- 100	- 900
OTHER FABRICATED METALS	5,600	5,700	5,800	- 100	- 200
MACHINERY	14,600	14,600	14,900	0	- 300
ELECTRICAL EQUIPMENT & SUPPLIES	12,800	12,700	13,300	100	- 500
TRANSPORTATION EQUIPMENT	9,900	9,800	9,900	100	0
INSTRUMENTS & RELATED PRODUCTS	12,100	12,000	14,100	100	- 2,000
MISCELLANEOUS MANUFACTURING	2,500	2,500	2,300	0	200
NONDURABLE GOODS	50,500	52,800	50,300	- 2,300	200
FOOD & KINDRED PRODUCTS	19,900	21,700	19,900	- 1,800	0
CANNING & PRESERVING	9,300	10,700	9,500	- 1,400	- 200
OTHER FOOD PRODUCTS	10,600	11,000	10,400	- 400	200
TEXTILE MILL PRODUCTS	1,400	1,500	1,600	- 100	- 200
APPAREL	2,400	2,400	2,300	0	100
PAPER & ALLIED PRODUCTS	8,800	8,800	9,000	0	- 200
PRINTING & PUBLISHING	11,700	11,900	11,500	- 200	200
CHEMICALS & ALLIED PRODUCTS	2,100	2,200	2,000	- 100	100
PETROLEUM REFINING	300	400	400	- 100	- 100
RUBBER & PLASTIC PRODUCTS	3,400	3,400	3,200	0	200
LEATHER PRODUCTS	500	500	400	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JAN. 1987	DEC. 1986	JAN. 1986	CHANGE FROM DEC. 1986	JAN. 1986
(CONT.)					
TOTAL NONMANUFACTURING	862,900	880,100	830,000	- 17,200	32,900
MINING & QUARRYING	1,200	1,300	1,300	- 100	- 100
CONSTRUCTION	29,200	31,000	30,700	- 1,800	- 1,500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	56,800	58,600	55,800	- 1,800	1,000
TRANSPORTATION	35,900	37,600	34,100	- 1,700	1,800
RAILROAD	4,200	4,200	4,500	0	- 300
TRUCKING & WAREHOUSING	20,800	22,200	18,800	- 1,400	2,000
OTHER TRANSPORTATION	10,900	11,200	10,800	- 300	100
COMMUNICATIONS	12,600	12,600	13,000	0	- 400
UTILITIES	8,300	8,400	8,700	- 100	- 400
TRADE	267,400	278,300	256,300	- 10,900	11,100
WHOLESALE TRADE	67,000	68,500	65,600	- 1,500	1,400
DURABLE GOODS	39,200	39,900	38,700	- 700	500
NONDURABLE GOODS	27,800	28,600	26,900	- 800	900
RETAIL TRADE	200,400	209,800	190,700	- 9,400	9,700
GENERAL MERCHANDISE	25,900	29,300	25,900	- 3,400	0
FOOD STORES	33,100	33,200	30,000	- 100	3,100
AUTO DEALERS & SERVICE STATIONS	24,700	24,800	23,800	- 100	900
OTHER RETAIL TRADE	116,700	122,500	111,000	- 5,800	5,700
FINANCE, INSURANCE, & REAL ESTATE	70,600	71,300	66,900	- 700	3,700
BANKING & CREDIT AGENCIES	23,900	24,000	23,400	- 100	500
OTHER FINANCE, INSURANCE, & REAL ESTATE	46,700	47,300	43,500	- 600	3,200
SERVICES	233,900	235,000	219,200	- 1,100	14,700
HOTELS & PERSONAL SERVICES	24,600	24,600	23,500	0	1,100
HEALTH SERVICES	73,800	73,700	70,700	100	3,100
OTHER SERVICES	135,500	136,700	125,000	- 1,200	10,500
GOVERNMENT	203,800	204,600	199,800	- 800	4,000
FEDERAL GOVERNMENT	28,600	28,500	28,300	100	300
STATE GOVERNMENT	56,100	56,100	54,000	0	2,100
EDUCATION	24,100	25,000	23,400	- 900	700
OTHER STATE	32,000	31,100	30,600	900	1,400
LOCAL GOVERNMENT	119,100	120,000	117,500	- 900	1,600
EDUCATION	76,400	77,200	76,300	- 800	100
OTHER LOCAL	42,700	42,800	41,200	- 100	1,500
LABOR-MANAGEMENT DISPUTES	0	0	0	0	0

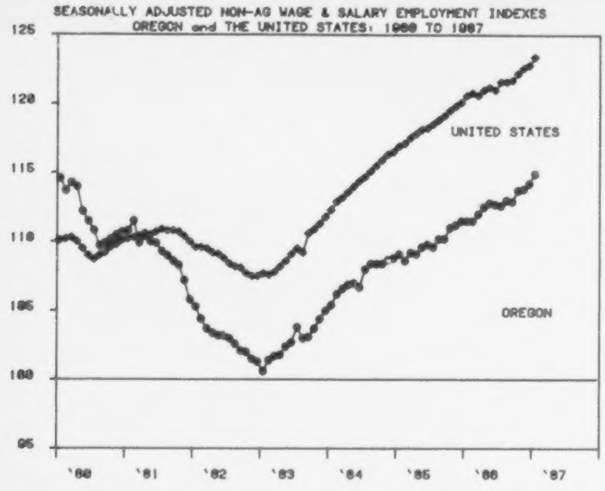
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.


SEASONALLY ADJUSTED NON-AG WAGE & SALARY EMPLOYMENT INDEXES
OREGON and THE UNITED STATES: 1980 TO 1987

The large amount of revision to the 1986 monthly rates is primarily due to deficiencies in the current year unemployment estimating procedures required by the U.S. Bureau of Labor Statistics. In an effort to improve the current year, i.e. 1987, monthly unemployment estimates, the Oregon Employment Division recently proposed, and the BLS has now approved, a temporary modification to the State's estimating procedures.

Based on the modified procedure, January's seasonally adjusted unemployment rate declined by half a point to 7.3%, the lowest since March 1980. The U.S. jobless rate remained unchanged at 6.7%.

Two other labor market indicators also signaled a much stronger Oregon economy in January. The nonfarm wage and salary employment index shot up 0.7 points to 114.9, a new all-time high! And the State's diffusion index, showing the percentage of industries with seasonally adjusted employment gains, jumped sharply to 57.8, an increase of 4.3 percentage points from December.

Mild winter weather in Oregon and elsewhere, low interest rates, and continued strong housing demand nationally were important factors behind Oregon's good performance in January. Nonfarm payroll employment declined following December's holiday splurge, but the 20,700 job loss was 6,300 less than seasonally expected. Both manufacturing and nonmanufacturing sectors of the economy looked strong, as post-holiday layoffs in many industries were not as large as normal for January.

The unusual strength in manufacturing was actually confined to durable goods industries. The star performer in this sector continues to be lumber and wood products which has reported seasonally adjusted employment gains in each of the last six months. Mild weather, lower operating costs, favorable interest rates, strong U.S. housing demand, and low lumber inventories in the distribution system have all benefited Oregon's wood products industry. These factors, plus recent events in Canada including a lengthy woodworkers strike and imposition of a 15% tax on Canadian lumber exports to the U.S. beginning in January, have given a strong boost to wood products markets recently. According to the Western Wood Products Association, lumber production in the 12-state Western region for the first six weeks of 1987, was up 16% from last year's record-setting pace, and new orders were running 25% above the same period in 1986. With U.S. housing starts around the 1.81 million unit rate in both December and January, Oregon's lumber and wood products industry should continue to be a source of strength in the months ahead.

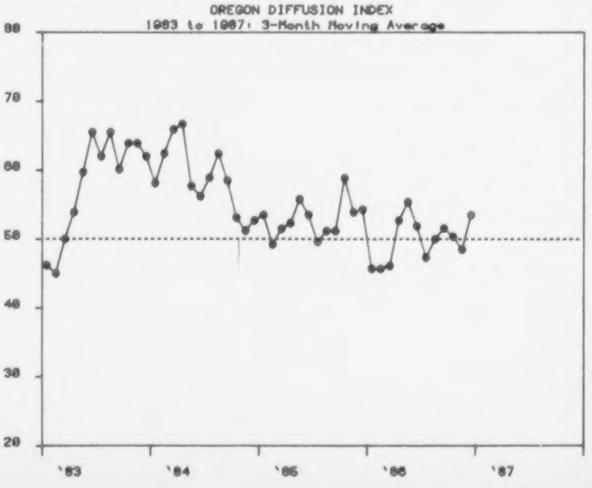
Other durable goods industries also fared rather well as employment held steady in January, a month in which job declines are normally expected. The high tech, or electronics, industries seem to have stabilized, and even managed to add about 200 workers over the month.

Nondurable goods manufacturing was the weak spot in January. Canning and preserving employment dropped to its lowest level in nearly ten years due to greater than normal seasonal declines by seafood and fruit and vegetable processors, plus a couple of short-term shutdowns.

Most of the major nonmanufacturing industries performed better than seasonally expected in January. In fact, several of these, including trade; finance, insurance and real estate; and services all recorded their best January ever, and after adjusting for seasonality, reached their highest levels on record.

While Oregon's construction industry is still far below its pre-recession peak, building activities also held up unusually well in January due to mild weather and favorable interest rates. Although federal tax law changes are expected to curtail some kinds of construction activity in 1987, such as multiple family housing, building permit figures for January gave no indication. Permits for 485 single family and 229 milti-family units were issued during the month, compared with 464 single family and only 40 multi-family units during January 1986.

The level of industrial and commercial construction in the months ahead may also be higher than earlier thought judging from the announced


OREGON DIFFUSION INDEX
1983 to 1987: 3-Month Moving Average

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1986 Benchmark
March 1987

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1986 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,347.0	1,313.3	1,317.0	1,322.1	1,334.6	1,346.2	1,374.3	1,353.4	1,364.9	1,355.4	1,367.1	1,362.0	1,353.7
UNEMPLOYMENT	114.0	133.5	133.5	128.9	121.2	113.6	109.1	108.8	104.5	97.9	98.2	107.1	111.6
Percent of Labor Force	8.5	10.2	10.1	9.7	9.1	8.4	7.9	8.0	7.7	7.2	7.2	7.9	8.2
Seasonally Adjusted Percent		8.8	8.9	8.9	8.6	8.5	8.4	8.5	8.6	8.4	8.2	7.9	7.8
TOTAL EMPLOYMENT	1,233.0	1,179.8	1,183.5	1,193.2	1,213.4	1,232.6	1,265.2	1,244.6	1,260.4	1,257.5	1,268.9	1,254.9	1,242.1

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1986 3/ **

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
TOTAL WAGE & SALARY	1,056.5	1,020.8	1,025.3	1,033.3	1,046.6	1,059.8	1,071.9	1,051.1	1,063.1	1,073.8	1,082.4	1,077.4	1,072.8
Wage & Salary Empl. Index (1977=100) 4/	112.8	111.5	111.5	112.0	112.5	112.8	112.7	112.6	113.0	112.9	113.7	113.8	114.2
Diffusion Index 5/	49.9	45.7	45.7	46.1	52.7	55.4	51.9	47.3	50.0	51.6	50.4	48.5	53.5
MANUFACTURING, TOTAL	196.7	190.8	190.6	190.4	192.4	195.6	200.6	198.2	205.6	206.5	201.6	195.9	192.7
Durable Goods	142.2	140.5	140.0	139.8	141.9	144.2	145.6	141.7	144.0	144.6	142.8	141.4	139.9
Lumber & Wood Products	63.9	60.6	61.0	61.2	62.8	64.2	65.9	64.1	65.3	66.4	65.4	65.1	64.4
Logging & Sawmills	32.8	30.9	30.9	30.7	31.8	32.9	34.1	32.0	34.4	34.6	34.1	33.7	33.0
Veneer & Plywood	16.7	16.1	16.2	16.6	16.8	16.9	17.1	17.0	15.7	16.8	17.0	17.2	17.1
Millwork & Structural Wood	9.4	8.7	8.9	8.9	9.1	9.2	9.6	9.9	10.0	9.9	9.4	9.3	9.5
Mobile Homes	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.4	1.4	1.4	1.3	1.3	1.2
Other Wood Products	3.7	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8	3.7	3.6	3.6	3.6
Furniture & Fixtures	2.6	2.6	2.5	2.5	2.6	2.6	2.7	2.6	2.7	2.7	2.7	2.6	2.3
Stone, Clay, Glass & Concrete Prod.	3.2	3.0	3.0	3.1	3.2	3.2	3.3	3.5	3.6	3.6	3.3	3.0	3.0
Primary Metals	8.5	8.7	8.7	8.8	8.5	8.5	8.5	8.5	8.6	8.4	8.3	8.3	8.4
Blast Furnaces, Iron & Steel Found.	5.3	5.4	5.4	5.5	5.3	5.3	5.3	5.3	5.4	5.2	5.1	5.1	5.1
Nonferrous Metals	3.2	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3
Fabricated Metals	10.6	11.1	10.8	10.7	10.7	10.8	10.7	10.5	10.6	10.5	10.4	10.4	10.2
Fabricated Structural Metals	4.8	5.3	5.1	5.1	4.9	5.0	4.9	4.6	4.6	4.5	4.4	4.5	4.5
Other Fabricated Metals	5.8	5.8	5.7	5.6	5.8	5.8	5.8	5.9	6.0	6.0	6.0	5.9	5.7
Machinery	14.7	14.9	14.9	14.8	14.9	14.9	14.8	14.9	14.7	14.5	14.5	14.5	14.6
Electrical Equipment & Supplies	13.0	13.3	13.2	12.7	12.8	12.8	12.9	13.0	13.1	13.1	13.0	12.8	12.7
Transportation Equipment	10.1	9.9	9.5	9.7	10.2	11.1	10.9	9.0	10.2	10.6	10.6	10.1	9.8
Instruments & Related Products	13.1	14.1	14.1	13.9	13.8	13.6	13.4	13.1	12.5	12.2	12.1	12.1	12.0
Miscellaneous Manufacturing	2.5	2.3	2.3	2.4	2.4	2.5	2.5	2.5	2.7	2.6	2.5	2.5	2.5
Nondurable Goods	54.5	50.3	50.6	50.6	50.5	51.4	55.0	56.5	61.6	61.9	58.8	54.5	52.8
Food & Kindred Products	24.0	19.9	20.3	20.2	20.1	21.0	24.5	25.9	30.7	31.1	28.2	23.8	21.7
Canning & Preserving	13.4	9.5	10.1	10.1	9.9	10.7	14.0	15.1	19.9	20.4	17.2	12.8	10.7
Other Food Products	10.6	10.4	10.2	10.1	10.2	10.3	10.5	10.8	10.8	10.7	11.0	11.0	11.0
Textile Mill Products	1.5	1.6	1.6	1.5	1.5	1.5	1.4	1.4	1.5	1.4	1.4	1.5	1.5
Apparel	2.3	2.3	2.3	2.4	2.3	2.2	2.3	2.1	2.2	2.3	2.3	2.4	2.4
Paper & Allied Products	9.0	9.0	8.9	8.9	8.9	8.9	9.1	9.2	9.1	9.1	8.8	8.8	8.8
Printing & Publishing	11.6	11.5	11.4	11.4	11.6	11.6	11.6	11.6	11.7	11.8	11.8	11.7	11.9
Chemicals & Allied Products	2.1	2.0	2.1	2.1	2.0	2.0	2.1	2.1	2.2	2.1	2.1	2.1	2.2
Petroleum Refining	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Rubber & Plastic Products	3.3	3.2	3.2	3.3	3.3	3.3	3.2	3.3	3.4	3.3	3.4	3.4	3.4
Leather Products	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.5

1986 Continued

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	859.8	830.0	834.7	842.9	854.2	864.2	871.3	852.9	857.5	867.3	880.8	881.5	880.1
Mining & Quarrying	1.4	1.3	1.2	1.2	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.3	1.3
Construction	34.1	30.7	30.1	31.5	33.6	35.0	36.3	36.8	37.8	37.7	36.0	33.0	31.0
Transp., Comm. & Utilities	57.0	55.8	55.7	55.6	56.2	56.5	56.9	57.3	57.2	57.9	58.0	58.3	58.6
Transportation	35.6	34.1	34.2	34.2	34.7	34.9	35.8	35.6	35.7	36.5	36.8	37.1	37.6
Railroad	4.4	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.4	4.3	4.3	4.3	4.2
Trucking & Warehousing	20.3	18.8	18.8	18.9	19.3	19.4	20.3	20.7	20.8	21.1	21.3	21.6	22.2
Other Transportation	10.9	10.8	10.9	10.8	10.9	11.0	11.1	10.5	10.5	11.1	11.2	11.2	11.2
Communications	12.8	13.0	12.9	12.8	12.8	12.9	12.3	12.9	12.8	12.8	12.7	12.7	12.6
Utilities	8.6	8.7	8.6	8.6	8.7	8.7	8.8	8.8	8.7	8.6	8.5	8.5	8.4
Trade	268.1	256.3	254.9	257.9	262.8	266.4	271.5	271.5	273.5	274.6	273.7	276.3	278.3
Wholesale Trade	67.8	65.6	65.8	66.4	67.1	67.1	68.0	68.8	69.0	69.4	69.2	68.4	68.5
Durable Goods	39.7	38.7	38.8	38.9	39.6	39.8	40.1	40.5	40.2	40.0	40.0	39.7	39.9
Nondurable Goods	28.1	26.9	27.0	27.5	27.5	27.3	27.9	28.3	28.8	29.4	29.2	28.7	28.6
Retail Trade	200.4	190.7	189.1	191.5	195.7	199.3	203.5	202.7	204.5	205.2	204.5	207.9	209.8
General Merchandise	26.1	25.9	25.0	24.7	25.0	25.3	25.5	25.6	25.6	26.0	26.6	28.2	29.3
Food Stores	31.9	30.0	29.7	30.1	30.9	31.4	32.3	32.9	32.9	32.9	32.8	33.5	33.2
Auto Dealers & Service Stations	25.0	23.8	23.8	24.2	24.8	25.1	25.7	25.7	25.7	25.8	25.4	25.1	24.8
Other Retail Trade	117.4	111.0	110.6	112.5	115.0	117.5	120.0	118.5	120.3	120.5	119.7	121.1	122.5
Finance, Ins. & Real Estate	69.6	66.9	67.1	67.6	68.2	68.9	69.8	71.0	71.5	71.1	70.6	70.7	71.3
Banking & Credit Agencies	23.7	23.4	23.2	23.3	23.5	23.6	23.8	24.0	24.1	23.9	23.7	23.9	24.0
Other Finance, Ins. & Real Estate	45.9	43.5	43.9	44.3	44.7	45.3	46.0	47.0	47.4	47.2	46.9	46.8	47.3
Services	230.2	219.2	222.3	224.8	228.3	230.5	231.0	232.7	233.5	233.9	236.2	235.2	235.0
Hotels & Personal Services	25.4	23.5	24.1	24.5	25.0	25.2	26.4	26.9	27.1	26.5	25.7	24.9	24.6
Health Services	72.7	70.7	71.0	71.5	71.8	71.9	72.6	73.6	73.9	73.9	73.7	73.6	73.7
Other Services	132.2	125.0	127.2	128.8	131.5	133.4	132.0	132.2	132.5	133.5	136.8	136.7	136.7
Government	199.3	199.8	203.4	204.3	203.6	205.3	204.3	182.1	182.5	190.6	204.8	206.7	204.6
Federal	29.0	28.3	28.4	28.4	28.5	28.8	29.5	29.8	31.1	29.2	28.7	28.4	28.5
State Government	54.5	54.0	55.3	55.8	55.7	55.3	55.2	51.6	51.4	51.0	55.9	56.3	56.1
Education	23.0	23.4	24.4	24.6	24.3	24.1	23.3	19.2	18.5	18.9	24.5	25.3	25.0
Other State	31.5	30.6	30.9	31.2	31.4	31.2	31.9	32.4	32.9	32.1	31.4	31.0	31.1
Local Government	115.9	117.5	119.7	120.1	119.4	121.2	119.6	100.7	100.0	110.4	120.2	122.0	120.0
Education	73.0	76.3	78.2	78.3	77.5	78.6	75.8	55.8	55.3	66.6	77.3	78.9	77.2
Other Local	42.9	41.2	41.5	41.8	41.9	42.6	43.8	44.9	44.7	43.8	42.9	43.1	42.8
LABOR-MANAGEMENT DISPUTES	0.6	0.0	0.0	0.0	0.0	0.0	0.7	3.2	2.0	0.8	0.1	0.1	0.0

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1986 Benchmark
March 1987

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1985 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,316.0	1,299.3	1,294.8	1,301.0	1,305.2	1,308.4	1,336.8	1,314.9	1,319.4	1,323.0	1,329.6	1,332.3	1,327.4
UNEMPLOYMENT	116.0	133.1	133.3	128.8	124.6	112.6	111.6	112.4	102.3	99.2	99.1	115.1	120.0
Percent of Labor Force	8.8	10.2	10.3	9.9	9.5	8.6	8.3	8.5	7.8	7.5	7.5	8.6	9.0
Seasonally Adjusted Percent		8.8	9.0	9.0	9.0	8.6	8.8	9.1	8.7	8.8	8.5	8.7	8.6
TOTAL EMPLOYMENT	1,200.0	1,166.2	1,161.5	1,172.2	1,180.6	1,195.8	1,225.2	1,202.5	1,217.1	1,223.8	1,230.5	1,217.2	1,207.4

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1985 3/ **

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
TOTAL WAGE & SALARY	1,030.0	999.0	998.5	1,007.7	1,014.8	1,029.8	1,044.0	1,023.7	1,036.6	1,048.9	1,057.5	1,052.9	1,047.1
Wage & Salary Empl. Index (1977=100) 4/	109.9	109.1	108.6	109.2	109.1	109.6	109.8	109.6	110.2	110.2	111.0	111.2	111.5
Diffusion Index 5/	52.9	53.5	49.2	51.5	52.3	55.8	53.5	49.6	51.2	51.2	58.9	53.9	54.3
MANUFACTURING, TOTAL	199.3	194.1	193.3	192.6	192.6	195.3	201.0	202.5	208.6	207.4	207.9	200.1	196.2
Durable Goods	144.8	143.3	142.9	142.1	142.6	143.9	146.5	145.9	147.5	147.4	147.1	145.1	143.3
Lumber & Wood Products	63.6	62.2	61.9	60.9	61.0	62.5	65.2	66.1	66.6	66.8	64.8	63.6	61.9
Logging & Sawmills	33.5	31.9	31.7	30.8	31.3	32.7	34.8	35.6	35.7	35.9	34.9	33.8	32.3
Veneer & Plywood	16.3	16.9	16.7	16.5	15.9	15.9	16.1	16.3	16.4	16.4	16.0	16.1	16.1
Millwork & Structural Wood	8.8	8.4	8.3	8.3	8.6	8.7	9.0	9.1	9.4	9.4	9.0	8.9	8.7
Mobile Homes	1.4	1.3	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.3	1.3	1.3
Other Wood Products	3.7	3.7	3.8	3.8	3.7	3.7	3.8	3.7	3.7	3.7	3.6	3.5	3.5
Furniture & Fixtures	2.7	2.6	2.6	2.6	2.7	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.7
Stone, Clay, Glass & Concrete Prod.	3.1	2.7	2.8	2.9	3.0	3.1	3.1	3.3	3.4	3.4	3.4	3.2	3.1
Primary Metals	8.8	8.7	8.8	8.9	8.8	8.9	9.0	8.5	8.6	8.7	8.7	8.7	8.9
Blast Furnaces, Iron & Steel Found.	5.4	5.4	5.5	5.5	5.5	5.5	5.6	5.2	5.3	5.4	5.4	5.4	5.5
Nonferrous Metals	3.3	3.3	3.3	3.4	3.3	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.4
Fabricated Metals	11.0	10.3	10.3	10.4	10.7	10.7	10.7	11.1	11.2	11.4	11.5	11.5	11.6
Fabricated Structural Metals	5.1	4.6	4.8	4.8	5.0	5.1	5.1	5.2	5.2	5.3	5.3	5.4	5.4
Other Fabricated Metals	5.9	5.7	5.5	5.6	5.7	5.6	5.6	5.9	6.0	6.1	6.2	6.1	6.2
Machinery	15.5	16.0	15.9	15.9	15.5	15.5	15.6	15.4	15.4	15.3	15.3	15.3	15.2
Electrical Equipment & Supplies	13.9	14.5	14.4	14.4	14.1	14.1	14.0	13.7	13.6	13.7	13.7	13.5	13.5
Transportation Equipment	9.2	9.4	9.1	8.8	9.6	9.4	8.9	8.0	8.9	8.5	10.2	10.0	9.7
Instruments & Related Products	14.6	14.6	14.7	14.8	14.7	14.6	14.7	14.6	14.6	14.5	14.3	14.2	14.3
Miscellaneous Manufacturing	2.4	2.3	2.4	2.5	2.5	2.4	2.5	2.5	2.5	2.4	2.5	2.4	2.4
Nondurable Goods	54.5	50.8	50.4	50.5	50.0	51.4	54.5	56.6	61.1	60.0	60.8	55.0	52.9
Food & Kindred Products	23.8	20.4	20.2	20.5	19.9	20.6	23.5	25.6	30.0	28.8	29.8	24.4	22.4
Canning & Preserving	13.3	10.2	10.2	10.3	9.6	10.1	12.9	14.8	19.2	18.1	18.8	13.4	11.5
Other Food Products	10.6	10.2	10.0	10.2	10.3	10.5	10.6	10.8	10.8	10.7	11.0	11.0	10.9
Textile Mill Products	1.6	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.5	1.6	1.6	1.5	1.5
Apparel	2.4	2.7	2.6	2.6	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3
Paper & Allied Products	9.1	8.7	8.6	8.6	8.6	9.2	9.4	9.5	9.5	9.5	9.2	9.1	9.0
Printing & Publishing	11.5	11.4	11.4	11.3	11.3	11.4	11.5	11.4	11.6	11.5	11.6	11.6	11.6
Chemicals & Allied Products	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.1	2.0	2.0
Petroleum Refining	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.4
Rubber & Plastic Products	3.2	3.0	3.0	3.0	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3
Leather Products	0.4	0.5	0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4

1985 Continued

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	830.7	804.9	805.2	815.1	822.2	834.5	843.0	821.2	828.0	841.5	849.6	852.8	850.9
Mining & Quarrying	1.5	1.4	1.4	1.4	1.5	1.6	1.7	1.7	1.6	1.6	1.5	1.4	1.4
Construction	33.1	28.1	27.5	28.7	30.3	32.4	34.3	36.4	37.6	37.4	37.4	34.4	33.1
Transp., Comm. & Utilities	57.3	56.5	56.2	56.6	56.7	57.1	57.9	57.9	57.7	58.3	57.9	57.3	57.6
Transportation	35.4	34.4	34.4	34.9	34.9	35.3	35.8	35.7	35.6	36.3	36.1	35.5	35.8
Railroad	4.9	5.1	5.0	5.1	5.0	5.0	4.9	4.9	4.9	4.8	4.8	4.6	4.5
Trucking & Warehousing	19.7	18.6	18.7	19.0	18.9	19.2	19.9	20.4	20.4	20.5	20.3	20.1	20.4
Other Transportation	10.8	10.7	10.7	10.8	11.0	11.1	11.0	10.4	10.3	11.0	11.0	10.8	10.9
Communications	13.2	13.5	13.3	13.2	13.2	13.2	13.3	13.4	13.3	13.2	13.1	13.1	13.1
Utilities	8.7	8.6	8.5	8.5	8.6	8.6	8.8	8.8	8.8	8.8	8.7	8.7	8.7
Trade	258.6	251.1	246.8	250.8	251.8	256.3	259.9	259.8	262.8	264.0	263.9	267.2	268.9
Wholesale Trade	65.8	64.8	64.5	64.8	64.4	65.1	65.7	66.0	67.2	67.7	67.3	66.3	66.2
Durable Goods	38.7	38.0	37.9	37.9	38.3	38.8	39.2	39.1	39.3	39.2	39.0	38.6	38.8
Nondurable Goods	27.2	26.8	26.6	26.9	26.1	26.3	26.5	26.9	27.9	28.5	28.3	27.7	27.4
Retail Trade	192.8	186.3	182.3	186.0	187.4	191.2	194.2	193.8	195.6	196.3	196.6	200.9	202.7
General Merchandise	25.2	25.9	24.2	24.2	23.9	24.2	24.3	24.5	24.8	24.9	25.3	27.4	28.9
Food Stores	29.5	28.1	27.4	28.8	28.4	29.0	29.7	29.8	30.1	30.1	30.6	30.7	31.0
Auto Dealers & Service Stations	24.4	23.5	23.3	23.8	24.0	24.4	24.8	25.1	25.2	25.1	24.9	24.6	24.4
Other Retail Trade	113.7	108.8	107.4	109.2	111.1	113.6	115.4	114.4	115.5	116.2	115.8	118.2	118.4
Finance, Ins. & Real Estate	66.8	64.5	64.5	65.0	65.9	66.8	67.7	68.1	68.5	68.3	67.2	67.4	68.1
Banking & Credit Agencies	23.6	23.4	23.3	23.3	23.3	23.4	23.5	23.7	23.8	23.8	23.7	23.8	23.8
Other Finance, Ins. & Real Estate	43.3	41.1	41.2	41.7	42.6	43.4	44.2	44.4	44.7	44.5	43.5	43.6	44.3
Services	215.6	206.1	207.8	211.3	214.0	216.6	217.1	216.0	217.8	219.9	219.2	221.0	220.9
Hotels & Personal Services	25.0	23.5	23.7	24.6	24.9	25.9	26.5	25.8	26.3	25.6	25.1	24.5	24.0
Health Services	69.4	67.5	67.4	68.1	68.4	69.0	69.5	69.9	70.8	70.8	70.3	70.6	70.7
Other Services	121.2	115.1	116.7	118.6	120.7	121.7	121.1	120.3	120.7	123.5	123.8	125.9	126.2
Government	197.7	197.2	201.0	201.3	202.0	203.7	204.4	181.3	182.0	192.0	202.5	204.1	200.9
Federal	29.6	28.1	28.0	28.0	29.0	29.3	30.2	31.5	31.7	31.3	30.0	29.6	28.9
State Government	53.8	52.8	54.3	54.9	54.8	55.0	55.8	51.5	51.3	50.7	55.1	55.1	54.2
Education	22.4	22.4	23.7	23.8	23.6	23.6	23.8	19.0	18.2	18.2	23.7	24.3	24.1
Other State	31.4	30.4	30.6	31.1	31.2	31.4	32.0	32.5	33.1	32.5	31.4	30.8	30.1
Local Government	114.3	116.3	118.7	118.4	118.2	119.4	118.4	98.3	99.0	110.0	117.4	119.4	117.8
Education	72.2	75.6	77.8	77.3	76.9	77.7	75.6	54.8	54.9	67.0	75.0	77.3	76.0
Other Local	42.1	40.7	40.9	41.1	41.3	41.7	42.8	43.5	44.1	43.0	42.4	42.1	41.8
LABOR-MANAGEMENT DISPUTES	0.3	0.6	0.6	0.6	0.8	0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.0

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

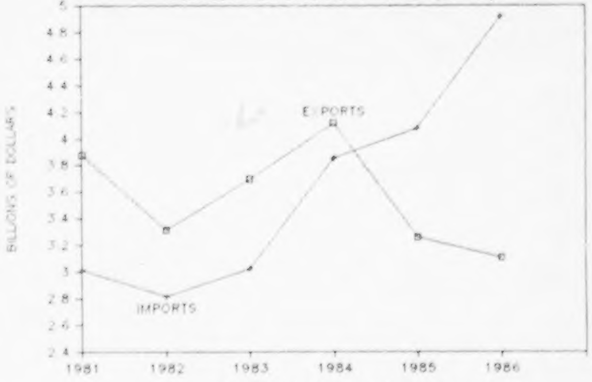
investments report for the fourth quarter of 1986 recently compiled by the Oregon Economic Development Department. The value of announced investments more than tripled in the fourth quarter to about $448 million, accounting for nearly half of the full year's $930 million value of announced investments.

In summary, Oregon's economy began the year on a very strong note with new highs being reached in several nonmanufacturing industries. Especially encouraging was the better than expected job performance among durable goods manufacturing industries, led by lumber and wood products. How long this surprisingly strong economic momentum can be sustained throughout 1987 remains to be seen.

As mentioned in last month's Oregon Labor Trends ("Economic Outlook - 1987"), an important factor will be how soon we can achieve a significant improvement in the foreign trade balance. The accompanying graph showing the trend in value of imports and exports through the Columbia-Snake Customs District (formerly called the Oregon Customs District) from 1981 through 1986 indicates the trade balance is getting worse rather than better. The value of our exports, mostly grains and forest products, slipped by nearly 5% last year while the value of imports soared by about 21%. More importantly, the value of imports now substantially exceeds our exports, creating a trade deficit in 1986 of $1.8 billion. Both 1985 and 1986 represent a dramatic reversal of the historical pattern of exports exceeding imports through this customs district.

FOREIGN TRADE THROUGH OREGON

COMMODITY EXPORTS AND IMPORTS* (81-86)



SOURCE: US Dept. of Commerce

* BOTH EXPORTS AND IMPORTS VALUED AT PORTS OF DESTINATION.

It should be noted that these trade values reflect commodities and products flowing through the customs district, many of which may be produced in, or destined for, other states. Also, the sharp increase in value of 1986 imports reflects the dollar's declining value relative to the currencies of our major trading partners, especially Japan. In any event, Oregon's economy is increasingly dependent upon international trade. The sooner we can bring about a significant increase in the volume of Oregon-produced exports, the better off our economy will be.□

EMPLOYMENT REVISIONS — A NUMBER CRUNCHER'S DREAM!

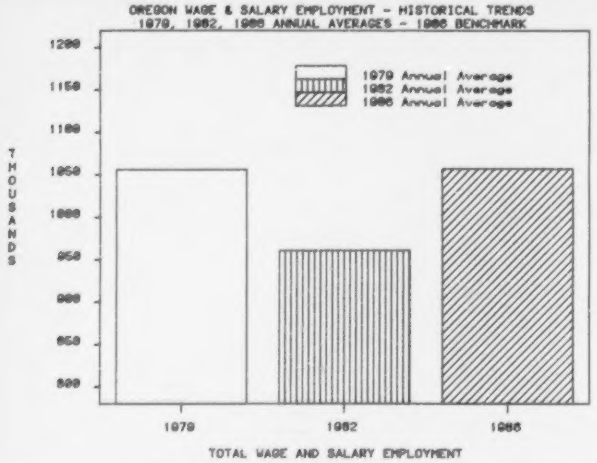
Graham Slater

Oregon Labor Trends regularly contains information on employment levels in various industries in the State. In order to produce such information in a timely manner, the Current Employment Statistics program estimates industry employment based on a statewide sample of roughly 7,000 employers. As each day's mail arrives, more information becomes available, which might have changed the estimates originally made. Also, information from the State's unemployment insurance program gives almost a complete count of employment in many industries. Therefore, once each year all employment statistics for the two preceeding years (in this case, 1985 and 1986) are subject to a major revision, known as the benchmark. This provides a reliable starting point for the following year's estimates.

The 1986 benchmark of Oregon's employment and hours & earnings data has just been completed. A separate article in this publication deals with hours and earnings. This article will be restricted to the employment statistics for the two years, and will also be limited to a discussion of annual average data. If you wish to analyze month by month trends, you will find the completed employment tables elsewhere in this publication.

How Large Was The Revision?

The easiest figure to analyze in terms of revision is the nonagricultural wage and salary employment annual average for each of the two years. For 1986, the employment level was revised upwards by 0.4% to 1,056,500, an addition of 4,300 jobs. This small revision at the aggregate level hides a few notable changes in particular industries. Manufacturing employment was revised downwards by 1.0% with lumber and wood products (-700), transportation equipment (-600), and fabricated structural metals (-700) being subject to fairly large changes. In nonmanufacturing, underestimation seemed to be more prevalent. Construction (+2,100), retail trade (+3,000) and services (+3,100) all benefited from the revisions. In industries experiencing strong growth (like trade and services) a substantial number of new firms may be coming into existence which necessarily are not in the employer sample. Likewise, in a declining industry some firms which are going out of business may not be in the sample. Employment analysts use several techniques to allow for these activities which are not adequately reflected by the sample, but even these special techniques did not entirely reflect the growth in some parts of nonmanufacturing.



Revisions to 1985 data were much smaller, with total payroll employment being increased by just 0.1%. Manufacturing employment was revised downwards by 0.3% while nonmanufacturing moved up by 0.2%.

HOW DO REVISED STATISTICS FOR 1986 COMPARE WITH 1985?

Nonfarm payroll employment grew by 2.6%, or 26,500, between 1985 and 1986. This growth was a little stronger than initially expected. Annual average growth rates have varied from +7.7% (1977-8) to -5.7% (1981-2) in the past few years. Most recently, +4.2% (1983-4) and +2.3% (1984-5) were registered.

As most readers will expect, this growth pattern was not consistent across all industries. In fact, manufacturing employment continued to decline with the loss of 2,600 jobs. Significant losers were machinery (-800), instruments (-1,500) and electrical equipment and supplies (-900). Two industries with more encouraging trends were millwork & structural wood (+600) and transportation equipment (+900).

On the other hand, nonmanufacturing employment recorded growth in almost all industries, with the addition of 29,100 jobs in this sector. Construction (+1,000), trade (+9,500), finance, insurance & real estate (+2,800), and services (+14,600) were all big winners. Breaking these down further, the new trade jobs were concentrated on the retail side with general merchandise, grocery, and furniture stores, and restaurants all adding large numbers of jobs. In services, new jobs were concentrated in health and business services, and private education.

Where Does This Leave Us (By Historical Standards)?

Perhaps the most important single statistic to come out of these revisions is that the 1986 annual average for total nonfarm payroll employment is the highest ever! Never before has Oregon averaged 1,056,500 employed in payroll jobs across the State. Oddly, this new record was achieved even though no single month surpassed the one month high set in September 1979. Rather, the year as a whole provided a number of very strong months. Another significant fact, though fairly predictable, is that nonmanufacturing employment is also at a record level, 859,800. Several industries within this sector are far above previous record levels.

For those who enjoy the "ups and downs" type of analysis (and who have made it through the numbers so far), several industries did record "best ever" or "worst ever" performances. These include:

BEST EVER

Millwork & structural wood (9,400)
Printing and publishing (11,600)
Rubber and plastics (3,300)
Trucking and warehousing (20,300)
Wholesale trade (67,800)
Retail Trade (200,400)
- includes food stores (31,900)
    furniture stores (8,100)
    eating & drinking places (73,000)
Services (230,200)
- includes hotels & lodging places (15,000)
    personal services (10,300)
    business services (39,000)
    auto & other repair services (12,000)
    amusements (7,900)
    health services (72,700)
    private education (12,500)
    agricultural services (3,800)

WORST EVER

Textiles (1,500)
Apparel (2,300)
Railroad (4,400)

One other industry, or industry group to be precise, merits attention. High-tech employment stood at 30,500 in 1986, the lowest level since 1979. While most industries bottomed out in 1982 and have since risen steadily (if slowly), the high-tech industries remained healthy and even grew through the worst of the recession, yet now have declined to nearly pre-recession levels!

This article has merely touched on the highlights of the revised employment estimates now available. Future articles will provide more in-depth analysis not only of the statistics themselves, but also of the causes and effects which can be expected on Oregon's economic future.□

NEW LMI PUBLICATIONS

The 1986 Business & Employment Outlook publications are now available for 14 local areas in Oregon. The purpose of these reports is to provide accurate and timely labor market information about Oregon localities to Job Training Partnership Act program operators, citizens, businesses and others who are involved in the employment, training and economic development fields. The reports contain data and analyses on various topics including population, labor force, unemployment, industrial, occupational and income trends. A brief executive summary is also available for each of the Business & Employment Outlook reports.

To obtain copies of these annual reports or executive summaries please contact:

Oregon Employment Division - LMI
875 Union St. NE
Salem OR 97311
503-378-8657

HOURS & EARNINGS DATA REVISED

David Cooke

Revised hours and earnings data are now available for 1985 and 1986. The annual average earnings for total manufacturing were $406.35 per week in 1985 and $411.84 in 1986. Details by month and by industry are available on request.

In most industries, the revisions were relatively small. For example, the 1986 annual average weekly earnings in primary metals changed by only eighty cents. Other revisions were more substantial. In construction, for example, average weekly earnings in 1986 were revised upward by $5.41 to $480.83. To understand why the figures are recomputed and the averages change, let us go into a little background about how the numbers are estimated.

Around the 25th of each month, the latest hours and earnings data are compiled. For example, information on how much Oregonians in select industries worked and earned in December 1986 was estimated by January 25, 1987 and published in the February 1987 issue of Oregon Labor Trends.

The data are available this quickly because they are based on the Current Employment Statistics survey covering nonfarm wage and salary employment. It is comprised of 7,000 establishments that provide monthly data on employment, hours, and earnings. Because the survey is done by mail, employer reports come in daily. No matter when estimates are aggregated and published, better samples are available as more information is received. Therefore, the first and second revisions, done after two months and at the end of the year, are more accurate since they are based on more establishments' data.

In addition to the normal annual revisions for the previous two years' estimates (due to benchmarked employment data), this year's revisions also represent a change in estimating technique. Oregon has adopted the Bureau of Labor Statistics method of hours and earnings estimation. This method should produce smoother month-to-month trends in average hourly earnings and average weekly hours. The month-to-month changes should also better represent actual industry-wide fluctuations, rather than reflecting firms entering or leaving the sample. Another benefit of the new estimating method is that a more detailed industry breakdown will be possible in the future.□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Dec. 2/ 1986	Nov. 3/ 1986	Dec. 1985	Dec. 2/ 1986	Nov. 3/ 1986	Dec. 1985	Dec. 2/ 1986	Nov. 3/ 1986	Dec. 1985
TOTAL MANUFACTURING 4/	$419.75	$413.83	$415.91	39.9	39.3	39.2	$10.52	$10.53	$10.61
Durable Goods	423.39	423.71	425.86	40.4	40.2	39.8	10.48	10.54	10.70
Lumber & Wood Products	434.77	433.76	445.42	40.9	40.5	40.2	10.63	10.71	11.08
Logging & Sawmills	468.16	455.79	477.20	41.8	40.3	40.0	11.20	11.31	11.93
Veneer & Plywood	421.37	439.52	443.06	40.4	42.1	41.1	10.43	10.44	10.78
Millwork & Struct Wood	357.08	354.12	361.67	39.5	39.0	40.5	9.04	9.08	8.93
Mobile Homes	260.38	291.92	259.79	31.6	33.4	30.6	8.24	8.74	8.49
Other Wood Products	429.62	444.88	451.00	40.8	41.5	41.0	10.53	10.72	11.00
Furniture & Fixtures	313.18	324.36	348.86	40.1	40.8	42.7	7.81	7.95	8.17
Primary Metals	468.71	482.31	502.07	40.9	41.4	41.7	11.46	11.65	12.04
Fabricated Metals	385.13	369.21	397.94	39.5	38.3	39.4	9.75	9.64	10.10
Machinery	448.74	445.42	429.47	40.5	40.2	40.1	11.08	11.08	10.71
Nondurable Goods	410.03	389.55	389.06	38.5	37.1	37.7	10.65	10.50	10.32
Food & Kindred Products	334.51	310.29	321.66	36.8	35.3	35.7	9.09	8.79	9.01
Canning & Preserving	280.74	254.87	261.30	35.9	33.1	33.5	7.82	7.70	7.80
Other Food Products	401.66	398.86	401.83	38.0	38.8	38.6	10.57	10.28	10.41
Textile Mill Products	246.18	248.18	235.62	37.7	38.3	38.5	6.53	6.48	6.12
Apparel	252.25	220.17	250.85	42.9	37.7	43.4	5.88	5.84	5.78
Paper & Allied Products	646.24	621.02	626.89	42.1	41.1	42.3	15.35	15.11	14.82
Printing & Publishing	422.67	436.91	389.49	36.5	36.5	35.7	11.58	11.97	10.91
Construction 4/	457.69	458.55	487.14	34.7	34.4	35.3	13.19	13.33	13.80
Communications & Utilities 5/	531.99	527.47	501.00	41.4	41.5	40.6	12.85	12.71	12.34
Trade 5/	288.75	283.40	284.97	35.0	33.9	34.5	8.25	8.36	8.26
Wholesale Trade	393.52	394.05	387.66	37.3	37.6	37.6	10.55	10.48	10.31
Retail Trade	242.42	235.14	237.00	34.0	32.3	33.1	7.13	7.28	7.16
Banking & Insurance	304.21	316.20	299.15						
State & Local Government	353.25	350.83	343.59						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYERS CORNER — THE EMPLOYMENT DIVISION COMEBACK

Dorothy Monnier

It is always an attention getter when a bureaucracy can turn the tables on that old image of government (the big machine that is uncaring and unresponsive to human needs) and really do something exciting!

In Oregon and across the Nation, exciting things have happened and continue to happen every day. The exciting process that makes government responsiveness a reality is called the Job Service Employers' Committee - better known as JSEC.

Through JSEC, local employers act as advisors to the Oregon State Employment Division. They work cooperatively with local Employment Office Managers and the Oregon State Employment Division Administrator, Raymond P. Thorne, to offer suggestions on how services can be improved.

Oregon employers as well as employers nationwide pay an Unemployment Insurance Tax on their employees. A portion of that tax, the Federal Unemployment Tax Act (F.U.T.A.), is returned to each state for the administration of the Employment Security System (better known in Oregon as the Employment Service). In Oregon, the Employment Division Administrator strongly believes employers should have a voice (that is heard) in the service they pay for. Consequently, a new service for the "professional ranks" to find work was launched.

The JSEC's agreed that the Employment Division adequately served the blue-collar worker, but overlooked an ever increasing number of unemployed professional, technical and managerial workers. As Thorne says, "It makes good sense to serve all employers who pay taxes, not just blue-collar employers." It was the employers who helped design and implement the Professional Placement Service.

The increasing number of employers who have used the service during recent months points to future success, says Ray Thorne. Not only will the program pay for itself by reducing spending on jobless benefits, but employers in professional fields deserve better service from the Employment Division than they have received in the past.

According to Karolyn Newgard, State Job Service Employer Committee Chairperson (JSEC), "This service did not start with the State, it started with employers in the State. Small and medium-sized employers need the service most."

Because the State Employment Division has the capabilities to match employer job orders and applicant characteristics through their "Computerized Job Matching System", applicants from all over the State who are willing to relocate, are being served.

This is a unique and effective system. It is a true example of business and government working together.

SUMMING IT ALL UP...EMPLOYERS VOICED A NEED, GOVERNMENT RESPONDED, AND A LOT OF PEOPLE ARE GOING BACK TO WORK AS A RESULT OF OUR PARTNERSHIP.

Anyone interested in finding out more details should contact Sharon Kidder, Manager, North Portland Employment Division, Telephone No: 280-6046.□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

MARCH 1987

FEBRUARY INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)		
Feb.	1987	6.5
Jan.	1987	7.2
Feb.	1986	8.9
U.S.		
Feb.	1987	6.7
Jan.	1987	6.7
Feb.	1986	7.2

WAGE AND SALARY EMPLOYMENT INDEX

Oregon 1977 = 100		
Feb.	1987	115.4
Jan.	1987	114.8
Dec.	1986	114.2
Nov.	1986	113.8
Oct.	1986	113.7

DIFFUSION INDEX

Oregon		
Feb.	1987	62.4
Jan.	1987	59.7
Dec.	1986	5[illegible].5
Nov.	1986	48.5
Oct.	1986	50.4

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Jan.	1987	38.8
Dec.	1986	39.6
Jan.	1986	39.0

CONSUMER PRICE INDEX (CPI)

1967 = 100
ALL URBAN CONSUMERS
Portland MSA

Nov. 1986	318.0
Yearly Change	+ 0.3%
Annual Average 1986	316.8
Yearly Change	+ 1.4%
U.S.	
Annual Average 1986	328.4
Yearly Change	+ 1.9%
Jan. 1987	333.1
Yearly Change	+ 1.4%

Portland Hotline 221-4132

UNEMPLOYMENT — THE FACTS BEHIND THE FIGURES

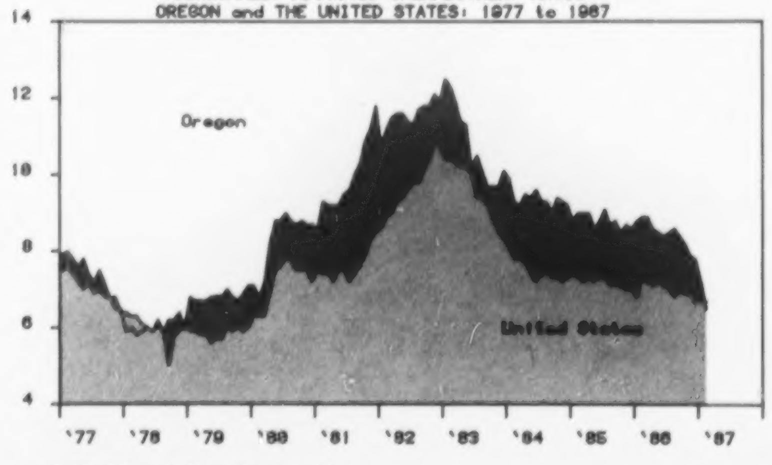
Jason Yohannan

In February, and for the first time since 1978, Oregon registered a lower seasonally adjusted unemployment rate than the United States as a whole. While the national economy has settled on an unemployment rate of 6.7% for December, January, and February, Oregon's rate has dropped to 7.8%, 7.2%, and 6.5% respectively. The dramatically improved unemployment rate seems almost unbelievable. This article will cover three subjects: 1) What does the unemployment rate mean?; 2) Is the rate really that low?; 3) If the rate is really that low, is the Oregon economy healthy now?

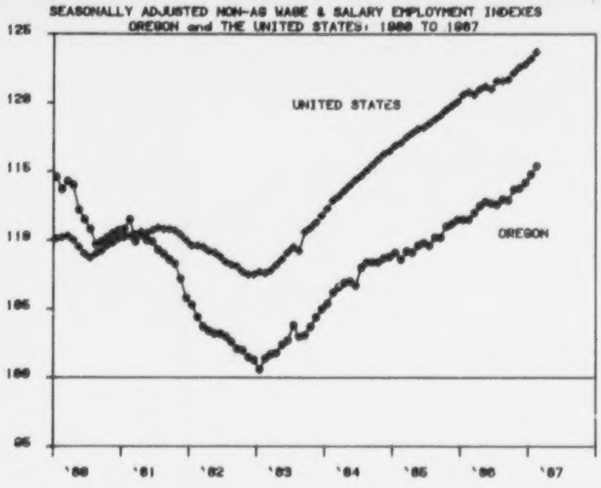
First, let's start with some basic definitions. Concepts of the labor force, employment, and unemployment in use now are similar to those first introduced in 1940. These concepts were developed by the federal government (the U.S. Department of Labor's Bureau of Labor Statistics), and they are consistent from state to state. These concepts split the labor force into those who are employed and those who are unemployed. One is employed if one is age 16 or over and:

- -worked at all (at least one hour) for pay or profit in a business or farm during the reference week. (The reference week is the week of each month which contains the 12th day of the month.); or
- -worked 15 hours or more as an unpaid family worker; or
- -was temporarily absent from a job because of illness, vacation, other personal reasons, bad weather, or a labor-management dispute.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1977 to 1987



* Civilian labor force only



One is unemployed if one is age 16 or over and:

- had no employment at all during the reference week; and
- was available for work and actively sought work at any time in any way in the past four weeks; or
- was waiting to be called back to a job from which the person was laid off; or
- was waiting to report to a new wage & salary job scheduled to start within the next 30 days.

Those not meeting the definition of either employed or unemployed are considered not in the labor force. Examples of those not in the labor force would be full-time students and other individuals who have no current interest in working, children, retired people, and discouraged workers who have given up their job search altogether. The unemployment rate, then, represents the percentage of individuals in the labor force who are unemployed. The rate most commonly seen for the State of Oregon has been seasonally adjusted to eliminate the effect of normal seasonal occurrences in the hope of identifying true, underlying economic changes.

Note these important distinctions:

1) One does not have to be collecting unemployment insurance to be counted as unemployed. An active job seeker without work who has no contact whatsoever with the Employment Division is still counted as unemployed under these concepts. In fact, increasing numbers of unemployed workers do not qualify for unemployment insurance benefits.

2) It makes no difference whether an employed person's job is full- or part-time. Someone who earns just two hours of pay during the reference week is counted as employed.

3) Income is not a factor in these determinations. A person is counted as employed regardless of whether the job pays $10.00 an hour or the minimum wage. The unemployment rate is not a measure of "underemployment", only "unemployment". Likewise, an independently wealthy person who really does not need any income would, in fact, be counted as unemployed if that person had no job but did look for one.

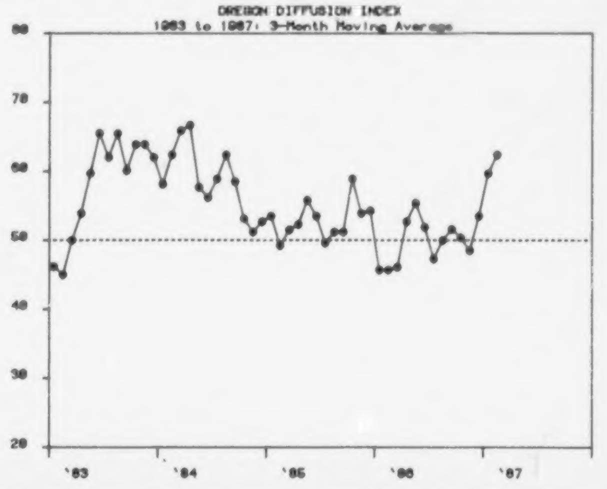
4) Discouraged workers, who by definition are no longer looking for work, are not counted in the labor force. National data are available, however, on the size of this group.

Given those ground rules, certain events have taken place to reinforce the low February unemployment rate. Wage & salary employment is now ahead of the prerecession level. Numbers just developed for 1986 showed total nonagricultural wage & salary employment in Oregon averaged 1,056,500. Prior to 1986, the highest level achieved was in 1979, when the average for the year was 1,056,200. In addition, 1987 has started with a bang. February's 1987 wage & salary jobs total, as shown in the accompanying table, is 35,700 higher than February 1986. The February 1987 wage & salary employment index, a seasonally adjusted indicator which allows comparisons between months, reached its highest point on record, 115.4.

We have experienced a mild winter, allowing work in certain weather-sensitive activities to continue, or at least to suffer less disruption than usual. (This "less-than-usual" disruption translates into improvement after seasonal adjustment.)

Oregon went through a longer and deeper recession than most other states. That's why we've had a higher unemployment rate than the Nation for eight years. While most of the rest of the country completed its "recovery" and moved on to "expansion", Oregon still had some catching up to do. Now, however, some positive and negative economic circumstances are affecting other parts of country differently than us. Consider:

1) The housing boom -- Lower interest rates, the generally improved economy, and continued favorable treatment under the new tax laws have made single-family housing much more affordable. Oregon is one of the prime beneficiaries, as housing has once again become a reliable consumer of Oregon timber products. Couple this with Canadian trade agreements regarding wood products and the settlement of last year's labor-management disputes, and the outlook is for a favorable



employment situation in 1987 for Oregon's basic industry. The falling dollar also increases the liklihood of a better situation for exports of timber products.

2) The oil price plunge -- Petroleum extraction and associated processing is a negligible industry in Oregon. Last year's price collapse has been a minor blessing for most of us. On the other hand, economies in states such as Louisiana, Texas, Oklahoma, and Alaska have been sent reeling by this event.

3) The farm crisis -- Agriculture is vital to Oregon's economy, but agriculture here is diverse. For instance, grain growers have been hurt recently. Prices for their product have fallen and export markets have diminished or disappeared. While grains are a very important crop in Oregon, they do not dominate the span of agricultural commodities here to the degree that they do in parts of the Midwest. On a large scale, then, problems in grain or cattle, for example, could more easily be offset in Oregon by good times in specialty horticultural products, berries, or vegetables. Also, the problems in some cases could be offset by improved crop quality in Oregon. In addition, the oil price drop mentioned earlier has helped hold the line on operating costs.

Employment at small firms has been quietly growing. While the media tends to focus on layoffs or closures at big firms (in part because that's where the "big" news is), most firms in Oregon are not "big business". The number of employing establishments in Oregon has grown steadily since the recession:

1983 = 66,602
1984 = 67,342
1985 = 68,037

Employment in nonmanufacturing industries has been growing with regularity. Many reasons exist to explain the growth. Real estate jobs have returned thanks to the housing affordability mentioned earlier. More home sales plus the refinancing of old loans which carried high interest rates have kept banks and savings & loans busy and have brought in fees and commissions. The flurry of activity in the stock market and all the maneuvering associated with adjusting to changed tax laws and financial environments have directed more individuals and organizations to brokers, investors, and financial advisors. Increased tourism in Oregon has brought more jobs to eating & drinking places, lodging places, and amusements. Our aging population and increased awareness of fitness have pushed up demand for health services. Growth in advertising plus increased "contracting out" for employment services, data processing services, janitorial services, etc. have made business services one of the fastest growing industries in America. All of these events are expected to continue into 1987.

Oregon's population has not been growing very quickly, if at all, during the 1980s. This tends to minimize the number of new entrants to the unemployed portion of the labor force. In addition, it could reflect a situation where unemployed workers left the State in search of greener pastures. The individuals would still be unemployed, but they would not be counted in Oregon. Although estimates of unemployed new entrants and reentrants to the Oregon labor force are only approximate, they do confirm this suspicion:

February 1985 new entrants & reentrants	14,100
February 1986 " " "	14,300
February 1987 " " "	11,600

The driving forces behind the new entrants and reentrants computation are age and population. The drop in February 1987 indicates that not as many people (primarily youth) are coming into the labor force without a job as before. Yet others leave the labor force for reasons such as death or retirement.

More evidence comes from internal Employment Division data. Look at the trend in job placements by the Employment Service over the past few years:

Total job placements:	
February 1984	3,589
February 1985	3,375
February 1986	3,371
February 1987	4,342

Nonfarm Job Placements:	
July 1985 - February 1986	39,703
July 1986 - February 1987	43,669

All the signs say we have more jobs today. So all of our economic woes are over, right? No, not quite.

As mentioned earlier, the unemployment rate measures the totally jobless percent of the labor force. It does not measure, nor does it intend to measure, underemployment. No value judgment is made in this statistic as to the quality of the included jobs. Part-time workers who would work full-time if possible are common in today's labor market as are workers who would prefer to be in better-paying jobs. In either case, the affected workers are still counted as employed. One needs to look at more than the unemployment rate, then. For example, one should continue to follow the hours & earnings trends published monthly in this newsletter. Certainly, much has been made of the fact that average wages have not always kept pace with the increasing costs of living, implying that 100 jobs today do not necessarily equal 100 jobs yesterday.

Following that theme, one could make a case that employment is growing because more people need to work, and that has negative implications. The dual-income family comes quickly to mind. In order to maintain a desired standard of living, families who formerly needed only one spouse to work for "the good life" now choose to have both employed. Also, with single-parent families, there often is no choice. On a side note, this phenomenon has created its own new job market: child care services, convenience food, etc.

Finally, the surprisingly low February unemployment rate is not guaranteed for all of 1987. Much of the good news in February came from less-than-usual winter job losses which translated into seasonally adjusted improvement. We could face a situation, come spring or summer, where we experience less-than-usual job increases because not as much hiring will be necessary to meet employers' workloads. The translation will then be into negative seasonally adjusted statistics.

In sum, there is abundant evidence that the Oregon unemployment rate should be showing improvement, although the amount of improvement is quite surprising. This is certainly welcome news. On the other hand, one must keep in mind the definitions used in developing the unemployment rate before making conclusions about the Oregon economy. The falling rate, in itself, does not mean all is well.□

REVIEW OF THE 1986 POPULATION ESTIMATES FOR OREGON

Edward Schafer

(Editor's Note: Mr. Schafer is the Director of the Center for Population Research and Census at Portland State University.)

The 1986 round of population estimates produced by Portland State University's Center for Population Research and Census (CPRC) is now complete. However, this year's estimates seem to have generated a number of concerns, particularly with regard to their accuracy. This article reports on the results of the estimating process, and then attempts to evaluate these results in light of other estimates produced by the U.S. Bureau of Census and trends observed from other data sources.

1986 POPULATION ESTIMATES

The 1986 study estimated Oregon's population at 2,659,500 residents. This was an increase of 26,344 persons from the 2,633,156 inhabitants of the State enumerated in the 1980 Census. This increase represents a change of only 1.0 percent during the last six years. The reason for such a small change is the relatively large amount of out-migration experienced by Oregon since the last decennial census. The accompanying table illustrates this fact. Between 1980 and 1986 Oregon added 116,240 new residents to the population through natural increase (births minus deaths). However, this natural increase was largely offset by net migration of approximately -90,000.

COMPONENTS OF POPULATION CHANGE BY COUNTY, 1980-1986

County	April 1 1980 Census	July 1 1986 Estimate	80-86 Total Change	80-86 Births	80-86 Deaths	80 - 86 Natural Increase	80 - 86 Net Migration
Baker	16,134	15,500	-634	1,455	1,084	371	-1,005
Benton	68,211	66,100	-2,111	5,611	2,272	3,339	-5,450
Clackamas	241,911	248,200	6,289	21,236	10,949	10,287	-3,998
Clatsop	32,489	32,900	411	3,028	2,071	957	-546
Columbia	35,646	36,100	454	3,168	1,726	1,442	-988
Coos	64,047	57,500	-6,547	5,661	3,667	1,994	-8,541
Crook	13,091	13,500	409	1,285	779	506	-97
Curry	16,992	16,900	-92	1,301	1,093	208	-300
Deschutes	62,142	65,400	3,258	6,274	2,964	3,310	-52
Douglas	93,748	92,700	-1,048	8,743	4,859	3,884	-4,932
Gilliam	2,057	1,800	-257	198	92	106	-363
Grant	8,210	8,350	140	764	458	306	-166
Harney	8,314	7,100	-1,214	711	404	307	-1,521
Hood River	15,835	16,200	365	1,691	911	780	-415
Jackson	132,456	138,400	5,944	12,187	7,078	5,109	835
Jefferson	11,599	12,000	401	1,562	580	982	-581
Josephine	58,855	61,450	2,595	5,149	3,861	1,288	1,307
Klamath	59,117	56,700	-2,417	5,726	3,064	2,662	-5,079
Lake	7,532	7,300	-232	771	378	393	-625
Lane	275,226	261,650	-13,576	24,889	12,215	12,674	-26,250
Lincoln	35,264	36,900	1,636	3,130	2,527	603	1,033
Linn	89,495	86,050	-3,445	8,554	4,488	4,066	-7,511
Malheur	26,896	26,200	-696	3,036	1,370	1,666	-2,362
Marion	204,692	209,200	4,508	21,448	11,338	10,110	-5,602
Morrow	7,519	7,800	281	857	327	530	-249
Multnomah	562,647	566,200	3,553	55,158	34,611	20,547	-16,994
Polk	45,203	45,600	397	4,194	2,392	1,802	-1,405
Sherman	2,172	2,100	-72	197	104	93	-165
Tillamook	21,164	21,300	136	1,880	1,404	476	-340
Umatilla	58,861	58,700	-161	6,319	3,076	3,243	-3,404
Union	23,921	23,000	-921	2,360	1,187	1,173	-2,094
Wallowa	7,273	7,200	-73	735	417	318	-391
Wasco	21,732	21,600	-132	2,033	1,385	648	-780
Washington	245,860	273,300	27,440	26,509	9,353	17,156	10,284
Wheeler	1,513	1,500	-13	101	100	1	-14
Yamhill	55,332	57,100	1,768	5,927	3,024	2,903	-1,135
State	2633,156	2,659,500	26,344	253,848	137,608	116,240	-89,896

RESIDENT OREGON LABOR FORCE

	FEB. 1987 1/	JAN. 1987 2/	CHANGE	% CHANGE	FEB. 1986 5/
CIVILIAN LABOR FORCE 3/	1,365,100	1,370,500	- 5,400	- 0.4	1,317,000
UNEMPLOYMENT	101,900	115,000	- 13,100	- 11.4	133,500
PERCENT OF LABOR FORCE	7.5	8.4	XXX	XXX	10.1
SEASONALLY ADJUSTED PERCENT	6.5	7.2	XXX	XXX	8.9
TOTAL EMPLOYMENT 4/	1,263,200	1,255,500	7,700	0.6	1,183,500

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1986 AND JANUARY 1987, DATA FOR 1987 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	FEB. 1987 1/	JAN. 1987 2/	FEB. 1986	CHANGE FROM JAN. 1987	CHANGE FROM FEB. 1986
TOTAL 3/	1,061,000	1,051,800	1,025,300	9,200	35,700
WAGE & SALARY EMPLOYMENT INDEX 4/	115.4	114.8	111.5	XXX	XXX
DIFFUSION INDEX 5/	62.4	59.7	45.7	XXX	XXX
TOTAL MANUFACTURING	191,300	189,200	190,600	2,100	700
DURABLE GOODS	139,300	139,100	140,000	200	- 700
LUMBER & WOOD PRODUCTS	62,800	63,300	61,000	- 500	1,800
LOGGING & SAWMILLS	31,400	32,000	30,900	- 600	500
VENEER & PLYWOOD	17,200	17,200	16,200	0	1,000
MILLWORK & STRUCTURAL WOOD	9,400	9,300	8,900	100	500
MOBILE HOMES	1,200	1,200	1,300	0	- 100
OTHER WOOD PRODUCTS	3,600	3,600	3,700	0	- 100
FURNITURE AND FIXTURES	2,400	2,300	2,500	100	- 100
STONE, CLAY, GLASS & CONCRETE	3,000	2,900	3,000	100	0
PRIMARY METALS	8,500	8,500	8,700	0	- 200
BLAST FURNACES, IRON & STEEL	5,200	5,200	5,400	0	- 200
NONFERROUS METALS	3,300	3,300	3,300	0	0
FABRICATED METALS	10,100	10,000	10,800	100	- 700
FABRICATED STRUCTURAL METALS	4,500	4,500	5,100	0	- 600
OTHER FABRICATED METALS	5,600	5,500	5,700	100	- 100
MACHINERY	14,500	14,600	14,900	- 100	- 400
ELECTRICAL EQUIPMENT & SUPPLIES	13,000	12,900	13,200	100	- 200
TRANSPORTATION EQUIPMENT	10,400	9,900	9,500	500	900
INSTRUMENTS & RELATED PRODUCTS	12,000	12,100	14,100	- 100	- 2,100
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,300	0	300
NONDURABLE GOODS	52,000	50,100	50,600	1,900	1,400
FOOD & KINDRED PRODUCTS	20,900	19,300	20,300	1,600	600
CANNING & PRESERVING	10,400	8,700	10,100	1,700	300
OTHER FOOD PRODUCTS	10,500	10,600	10,200	- 100	300
TEXTILE MILL PRODUCTS	1,500	1,500	1,600	0	- 100
APPAREL	2,400	2,400	2,300	0	100
PAPER & ALLIED PRODUCTS	8,800	8,800	8,900	0	- 100
PRINTING & PUBLISHING	11,900	11,800	11,400	100	500
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	400	300	400	100	0
RUBBER & PLASTIC PRODUCTS	3,500	3,400	3,200	100	300
LEATHER PRODUCTS	500	500	400	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	FEB. 1987	JAN. 1987	FEB. 1986	CHANGE FROM JAN. 1987	CHANGE FROM FEB. 1986
(CONT.)					
TOTAL NONMANUFACTURING	869,700	862,600	834,700	7,100	35,000
MINING & QUARRYING	1,300	1,200	1,200	100	100
CONSTRUCTION	28,800	29,000	30,100	- 200	- 1,300
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	56,900	57,000	55,700	- 100	1,200
TRANSPORTATION	35,900	36,000	34,200	- 100	1,700
RAILROAD	4,100	4,200	4,500	- 100	- 400
TRUCKING & WAREHOUSING	20,800	20,900	18,800	- 100	2,000
OTHER TRANSPORTATION	11,000	10,900	10,900	100	100
COMMUNICATIONS	12,600	12,600	12,900	0	- 300
UTILITIES	8,400	8,400	8,600	0	- 200
TRADE	265,100	267,000	254,900	- 1,900	10,200
WHOLESALE TRADE	66,600	66,600	65,800	0	800
DURABLE GOODS	39,000	39,100	38,800	- 100	200
NONDURABLE GOODS	27,600	27,500	27,000	100	600
RETAIL TRADE	198,500	200,400	189,100	- 1,900	9,400
GENERAL MERCHANDISE	24,800	26,300	25,000	- 1,500	- 200
FOOD STORES	33,000	33,000	29,700	0	3,300
AUTO DEALERS & SERVICE STATIONS	24,600	24,600	23,800	0	800
OTHER RETAIL TRADE	116,100	116,500	110,600	- 400	5,500
FINANCE, INSURANCE, & REAL ESTATE	70,800	70,700	67,100	100	3,700
BANKING & CREDIT AGENCIES	23,800	23,900	23,200	- 100	600
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,000	46,800	43,900	200	3,100
SERVICES	239,000	233,300	222,300	5,700	16,700
HOTELS & PERSONAL SERVICES	25,100	24,700	24,100	400	1,000
HEALTH SERVICES	74,500	74,200	71,000	300	3,500
OTHER SERVICES	139,400	134,400	127,200	5,000	12,200
GOVERNMENT	207,800	204,400	203,400	3,400	4,400
FEDERAL GOVERNMENT	28,700	28,500	28,400	200	300
STATE GOVERNMENT	57,500	56,100	55,300	1,400	2,200
EDUCATION	25,200	24,100	24,400	1,100	800
OTHER STATE	32,300	32,000	30,900	300	1,400
LOCAL GOVERNMENT	121,600	119,800	119,700	1,800	1,900
EDUCATION	79,100	77,100	78,200	2,000	900
OTHER LOCAL	42,500	42,700	41,500	- 200	1,000
LABOR-MANAGEMENT DISPUTES	0	0	0	0	0

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

While the State's population as a whole grew between 1980 and 1986, there were 18 counties which experienced actual population losses. The extent of loss ranged from a low of 13 for Wheeler County to a high of 13,576 in Lane County. Counties which lost population were located in the Willamette Valley, the Southern Coastal Region and Eastern Oregon. Counties which gained population during the last six years tended to be concentrated in the Northern Willamette Valley metropolitan regions, the Central and North Coasts, and the Central Oregon region.

Since all counties have experienced positive natural increase since 1980, the reason for the loss of total population within the 18 counties was excessive out-migration. As the table indicates, the loss of population through net migration was widely distributed throughout the State. Sixteen of the 36 counties had negative net migration in excess of 1,000 persons. These counties were located in most of the major geographic regions around the State, with the exceptions of the North and Central Coasts (Clatsop and Tillamook Counties and Lincoln County, respectively), Central Oregon (Crook, Deschutes and Jefferson Counties), and the Rogue River Valley (Jackson and Josephine Counties). Particularly heavy out-migration occurred in Lane and Multnomah Counties with losses of 26,250 and 16,994, respectively. Other counties with net migration losses in excess of 2,000 residents include Coos (-8,541), Linn (-7,511), Benton (-5,450), Klamath (-5,079), Douglas (-4,932), Malheur (-2,362) and Union (-2,094). Only four counties have experienced positive net migration during the last six years: Washington (10,284), Josephine (1,307), Lincoln (1,033) and Jackson (835).

1986 POPULATION ESTIMATE: FACT OR FICTION?

Estimates always contain some degree of error. For instance, CPRC's 1980 population estimate for the State was within two percent of the total enumerated in the 1980 Census, while the average absolute percentage error for the counties was between four and five percent. Overall, the Population Center's estimate proved more accurate than those produced by the U.S. Census Bureau. Yet, this past experience does not ensure future accuracy.

Currently, there are a number of questions being raised throughout the State about the results of the 1986 estimates. Most of these questions focus on the population trend implied by the comparisons of the 1986 estimates with those of 1985. While it is tempting to make year-to-year comparisons in order to obtain information about very recent trends, this type of analysis is not usually valid. Since the estimating technique always begins from the last actual census, a valid assessment of the estimates should proceed from the same origin, i.e., is the trend implied by the 1986 estimate consistent with the same six-year trend in other data sources?

The most serious attack on the credibility of the current CPRC population estimates arises from the population estimates produced by the U.S. Bureau of the Census. Their 1986 study concludes that Oregon's population is 2,698,000, or 38,500 higher than the CPRC estimate. However, this Census Bureau's estimate is actually the average of two independent working estimates. Both of these working estimates are produced by methodologies different from that used by CPRC.

An examination of the two federal working estimates which ultimately produce the final estimate for Oregon reveals that the difference between the published CPRC and Census Bureau estimates is due to only one of the working estimates produced by the latter agency. That is, one of the federally produced estimates is nearly identical to that produced by CPRC; however, the second Census Bureau estimate is approximately 77,000 larger than the CPRC estimate. Thus, with three independently produced estimates, two of which are nearly identical and one which is considerably larger, it would appear that there would be more questions about the credibility of the larger estimate than of the two consistent estimates.

The one data source which provides the strongest evidence in support of the 1986 estimate is the labor force data produced by the Oregon Employment Division. According to the Division's estimates, the State's labor force has increased by approximately 71,700 persons between March 1980 and July 1986. However, if we assume that the labor force participation rates have remained about the same during the last six years we would have expected to see an increase in the State's labor force of approximately 124,000 persons under the additional assumption of zero net migration. Thus, the most plausible explanation for the less than expected growth in the State's labor force is a very sizeable flow of migrants out of the State. This is exactly what is implied by the current population estimates.

The final data source which lends support to the 1986 population estimate produced by CPRC comes from an article written by Rick Hawes which appeared in the September 1986 issue of Oregon Labor Trends. In that article, data were presented which indicated a continued out-migration of unemployment insurance claimants from Oregon in excess of the in-migration to Oregon of unemployment claimants from other states. The pattern of migration of these claimants to and from Oregon since 1980 was consistent with the migration implied by the current population estimate for the State.

In summary, it appears that CPRC's estimates are not consistent with the perceptions of many people throughout the State. However, the population estimates track well with other independently produced data sources. Without convincing evidence to the contrary, to disregard the results of a methodology which has proven itself accurate in the recent past would be a move toward population estimating by conjecture and away from estimating through careful demographic analysis.□

HOURS & EARNINGS

Graham Slater

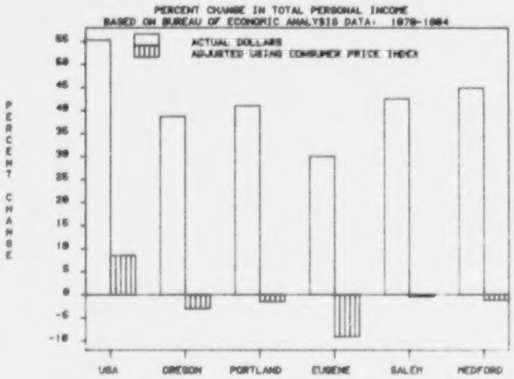
If a picture paints a thousand words, five graphs must be verbose.

And yet, they do make a point.

Recently published data from the Bureau of Economic Analysis (BEA) indicates that amongst Oregon's MSAs, Portland ranks third out of four in terms of percentage growth in personal income between 1979 and 1984. Setting aside the temptation to make rash generalizations based on this data, the thoughtful interpreter should acknowledge that personal income data may not be the best indicator of overall economic well-being.

In fact, while growth in personal income appears to have been steady and substantial over these years, the trend in average hourly earnings and average weekly earnings has been much less positive. And, when allowing for inflation, it is apparent that the earnings of most Oregonians, particularly in the manufacturing industries on which the data are based, have been severely eroded in the last seven years.

Without further comment, let the graphs speak for themselves.



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jan. 2/ 1987	Dec. 3/ 1986	Jan. 1986	Jan. 2/ 1987	Dec. 3/ 1986	Jan. 1986	Jan. 2/ 1987	Dec. 3/ 1986	Jan. 1986
TOTAL MANUFACTURING 4/	$412.44	$416.20	$416.13	38.8	39.6	39.0	$10.63	$10.51	$10.67
Durable Goods	414.22	421.30	425.58	39.3	40.2	39.7	10.54	10.48	10.72
Lumber & Wood Products	409.64	427.73	437.10	38.5	40.2	39.7	10.64	10.64	11.01
Logging & Sawmills	431.66	460.00	461.38	38.2	40.6	39.1	11.30	11.33	11.80
Veneer & Plywood	406.64	415.90	448.45	39.1	40.3	41.6	10.40	10.32	10.78
Millwork & Struct Wood	354.88	352.91	353.70	38.7	39.3	39.3	9.17	8.98	9.00
Mobile Homes	302.24	264.26	287.77	35.6	31.8	33.5	8.49	8.31	8.59
Other Wood Products	409.50	427.11	427.75	39.0	40.6	39.1	10.50	10.52	10.94
Furniture & Fixtures	315.90	324.72	314.81	39.0	41.0	39.4	8.10	7.92	7.99
Primary Metals	489.62	489.95	474.61	40.7	41.0	40.6	12.03	11.95	11.69
Fabricated Metals	369.38	381.35	388.47	38.8	39.6	38.5	9.52	9.63	10.09
Machinery	424.79	444.40	407.05	38.9	40.4	37.9	10.92	11.00	10.74
Nondurable Goods	408.00	404.92	387.82	37.5	38.2	36.9	10.88	10.60	10.51
Food & Kindred Products	332.99	332.68	322.02	35.5	36.2	34.7	9.38	9.19	9.28
Canning & Preserving	283.85	280.25	245.54	35.0	34.9	31.2	8.11	8.03	7.87
Other Food Products	387.00	399.09	413.12	36.0	37.9	38.9	10.75	10.53	10.62
Textile Mill Products	244.69	247.13	244.68	37.3	37.5	38.9	6.56	6.59	6.29
Apparel	220.15	250.81	221.94	37.0	42.8	38.8	5.95	5.86	5.72
Paper & Allied Products	638.49	642.60	608.59	42.2	42.0	40.6	15.13	15.30	14.99
Printing & Publishing	433.99	418.29	380.80	36.5	36.5	35.0	11.89	11.46	10.88
Construction 4/	442.47	456.57	473.96	32.8	34.2	34.0	13.49	13.35	13.94
Communications & Utilities 5/	506.17	516.65	501.39	40.3	40.3	40.5	12.56	12.82	12.38
Trade 5/	273.90	283.37	280.39	33.0	34.1	33.3	8.30	8.31	8.42
Wholesale Trade	375.95	386.08	380.51	36.5	36.7	36.8	10.30	10.52	10.34
Retail Trade	227.65	237.21	232.58	31.4	32.9	31.6	7.25	7.21	7.36
Banking & Insurance	311.18	305.11	294.47						
State & Local Government	354.33	354.47	342.02						

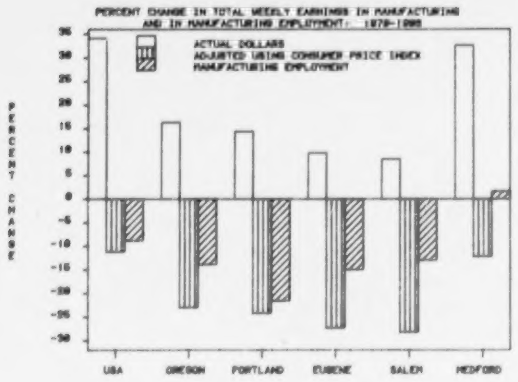
1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

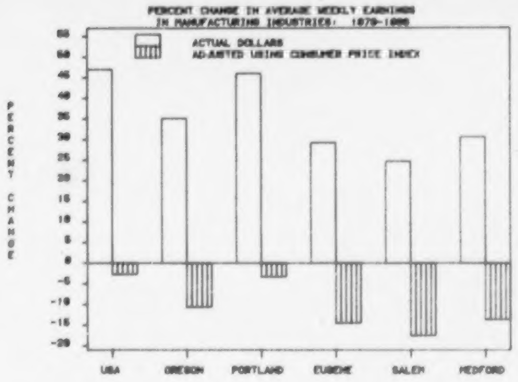
2/ Preliminary

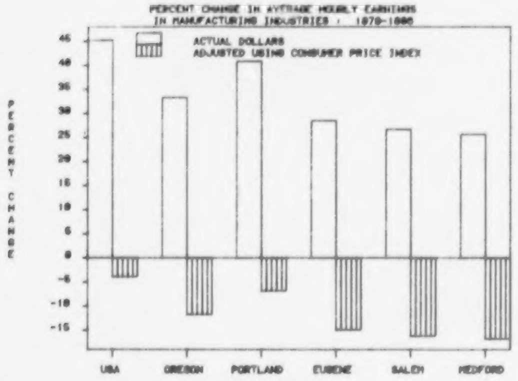
3/ Revised

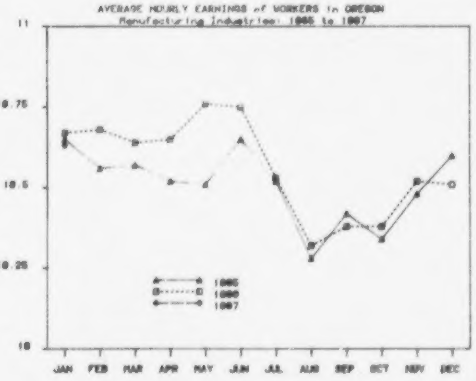
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.









EMPLOYERS CORNER — THE WORKFORCE OF TOMORROW

Dorothy Monnier

Being realistic, by the year 2000, when you walk into a McDonald's restaurant, you may not be greeted by a 16-19 year old teenager. Instead, you may be waited on by a 65 year old employee who may not be able to jump over the counter to greet you, but who has many other favorable characteristics. Nationwide, employers are realizing the value of older workers and realize the importance of bringing them back into the workplace to meet the upcoming labor shortage of teenagers.

At a recent speech in Bend at a Job Service Employers' Committee meeting, Ray Thorne, Employment Division Administrator, shared some interesting statistics.

"One of the most significant changes that will occur in the next decade is the aging of Oregon's population as the huge 'baby boom' generation reaches middle age. If we just look at the population between the ages of 16 and 65, which is the group most likely to be in the labor force, nearly 97% of the 306,000 projected increase is accounted for by those aged 35 to 54. Two-thirds of the total increase will come in the 40-49 year age bracket alone. The number of people in their 20's and 60's, however, will actually decline. The number in their 70's and beyond will increase, having an effect on the labor force.

"As the number of young people in the population declines, labor shortages in some entry level occupations and industries (primarily related to services and retail trade) may occur. This will tend to hasten the introduction of labor saving equipment and methods, and could also result in higher wages and benefits in order to attract more young people, and even older workers, into the labor market".

THINK ABOUT IT!!! Who is going to fill the jobs that customarily have been filled by youths between the ages of 16-19? It's going to be the older worker because as indicated above, that is the available workforce. If more older workers are to be hired, then industry needs to create an image that there are jobs anyone can do regardless of age. Consideration also must be given to retaining those employees who normally would retire at age 65.

REMEMBER:

There are a lot of talented older workers who want to work part-time and who are:

- Committed to quality.
- Loyal and dedicated.
- Able to get along with co-workers.
- Practical and reliable.□

NEW LABOR SURPLUS AREAS

Jeff Hannum

Each year the U.S. Department of Labor issues a list of areas throughout the country that have high unemployment rates. Employers located in these high unemployment, or "Labor Surplus", areas are potentially eligible for bidding preference on certain Federal procurement contracts. Normally, the new lists are issued by the Labor Department in September and are effective from October 1 through September 30.

Last fall, the Labor Department temporarily extended the October 1985 - September 1986 list of labor surplus areas until it could fully implement the labor surplus area provisions of public law 99-272. Under the new law, the designations are now determined for all cities with a population of at least 25,000 and all counties. (Under the old law, the population criterion for cities was 50,000 or more.)

An area is classified as a labor surplus area when its average unemployment rate is at least 20% above the average unemployment rate for all states during the previous two calendar years. In 1984-85, the average unemployment rate for the U.S. was 7.5%. Therefore, the "trigger rate" for labor surplus area designation this fiscal year is 9.0% or higher. The following table lists 30 areas in Oregon which were recently designated labor surplus areas by the U.S. Department of Labor for the period April 1, 1987 through September 30, 1987. Employers located in any of these areas, or which agree to carry out a substantial portion of the contract in a labor surplus area, currently qualify for bidding preference on certain federal procurement contracts.

Employers interested in bidding on federal contracts should consult the Commerce Business Daily which lists federal contracting requirements and indicates those to be awarded under preference procedures. The Seattle Business Service Center of the General Services Administration can provide additional information concerning Federal contracting opportunities in Alaska, Idaho, Oregon and Washington.

Oregon Labor Surplus Areas
Eligible for Federal Procurement Preference
April 1, 1987 through September 30, 1987

Area	Unemployment Rate (1984-85 Average)
Baker County	14.0
Clatsop County	9.5
Columbia County	9.6
Coos County	13.7
Crook County	9.6
Curry County	11.6
Deschutes County	11.3
Douglas County	11.5
Grant County	12.5
Harney County	11.3
Hood River County	13.0
Jefferson County	11.2
Josephine County	11.2
Klamath County	11.8
Lake County	10.9
Lincoln County	10.2
Malheur County	10.5
Morrow County	11.5
Tillamook County	11.5
Umatilla County	11.6
Union County	12.1
Wallowa County	13.3
Wasco County	14.2
Wheeler County	11.1
Albany City	10.3
Medford City	9.7
Springfield City	11.8
Balance of Jackson County (less Medford)	9.8
Balance of Lane County (less Eugene & Springfield)	9.5
Balance of Linn County (less Albany)	13.8

Contact: General Services Administration
440 Federal Bldg.
915 Second Ave.
Seattle WA 98174
Attn: Wiletta Brown
Ph. (206) 442-5556 □

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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APRIL 1987

OREGON LABOR TRENDS

MARCH INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Mar.	1987	6.3
Feb.	1987	6.5
Mar.	1986	8.9
U.S.		
Mar.	1987	6.6
Feb.	1987	6.7
Mar.	1986	7.2

WAGE AND SALARY EMPLOYMENT INDEX

Oregon 1977 = 100

Mar.	1987	115.7
Feb.	1987	115.3
Jan.	1987	114.8
Dec.	1986	114.2
Nov.	1986	113.8

DIFFUSION INDEX

Oregon

Mar.	1987	60.5
Feb.	1987	64.3
Jan.	1987	59.7
Dec.	1986	53.5
Nov.	1986	48.5

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Feb.	1987	39.5
Jan.	1987	38.9
Feb.	1986	38.7

CONSUMER PRICE INDEX (CPI)

1967 = 100
ALL URBAN CONSUMERS

Portland MSA

Nov. 1986	318.0
Yearly Change	+ 0.3%
Annual Average 1986	316.8
Yearly Change	+ 1.4%

U.S.

Mar. 1987	335.9
Yearly Change	+ 3.0%
Annual Average 1986	328.4
Yearly Change	+ 1.9%

Portland Hotline 221-4132

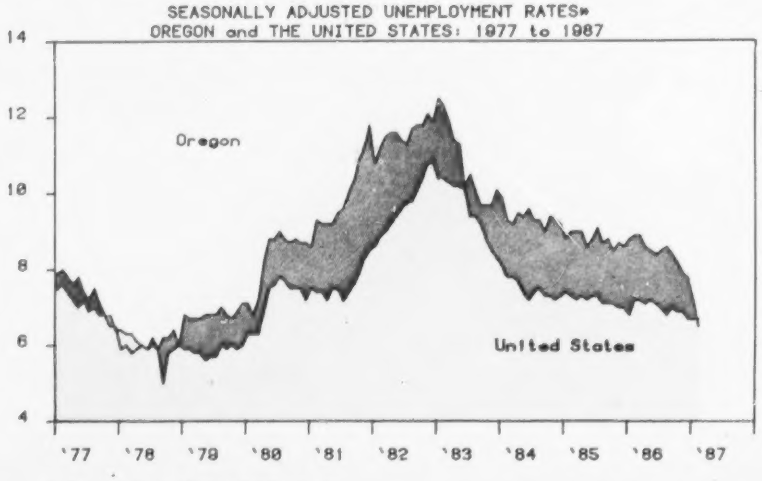
MONTHLY ECONOMIC ANALYSIS

Dwayne Stevenson

Oregon's seasonally adjusted unemployment rate recorded its seventh consecutive monthly drop in March. The 6.3 percent rate also kept Oregon below the national rate (6.6 percent) for the second consecutive month. The number of unemployed was 93,000 -- an 8 percent decrease from February's 101,200 which was 12 percent lower than January. The count of unemployed workers was the lowest for March since 1979, when unemployment was 88,500 and the unemployment rate was 6.7 percent.

On the surface, employment appears to be muddling along. However, the seasonally adjusted wage and salary employment index has shown a steady climb for six months. This means that we have had more jobs through the fall and winter than we would usually expect. Another labor market indicator, the diffusion index, has been high for three months. This indicates that the strength in wage and salary employment is building our economy by providing not only a higher level to the structure but also a stronger, broader foundation as well.

Oregon's economic outlook is further enhanced by a recent Western Wood Products Association forecast of 1.75 million housing starts in 1987. This would be the fifth straight year that housing starts have been above 1.7 million -- a stable period of surprising duration for this historically volatile industry. This bodes well for lumber and wood products which continues to set new highs in production. Production, however, may tail off in a year or two as a projected decline in housing starts occurs and as Canadian producers regain the markets they



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	MAR. 1987 1/	FEB. 1987 2/	CHANGE	% CHANGE	MAR. 1986 5/
CIVILIAN LABOR FORCE 3/	1,349,400	1,359,500	- 10,100	- 0.7	1,322,100
UNEMPLOYMENT	93,000	101,200	- 8,200	- 8.1	128,900
PERCENT OF LABOR FORCE	6.9	7.4	XXX	XXX	9.7
SEASONALLY ADJUSTED PERCENT	6.3	6.5	XXX	XXX	8.9
TOTAL EMPLOYMENT 4/	1,256,400	1,258,300	- 1,900	- 0.2	1,193,200

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1986 AND JANUARY 1987, DATA FOR 1987 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	MAR. 1987 1/	FEB. 1987 2/	MAR. 1986	CHANGE FROM FEB. 1987	CHANGE FROM MAR. 1986
TOTAL 3/	1,067,400	1,060,000	1,033,300	7,400	34,100
WAGE & SALARY EMPLOYMENT INDEX 4/	115.7	115.3	112.0	XXX	XXX
DIFFUSION INDEX 5/	60.5	64.3	46.1	XXX	XXX
TOTAL MANUFACTURING	191,700	191,500	190,400	200	1,300
DURABLE GOODS	140,200	139,600	139,800	600	400
LUMBER & WOOD PRODUCTS	63,400	63,200	61,200	200	2,200
LOGGING & SAWMILLS	31,500	31,700	30,700	- 200	800
VENEER & PLYWOOD	17,400	17,200	16,600	200	800
MILLWORK & STRUCTURAL WOOD	9,600	9,400	8,900	200	700
MOBILE HOMES	1,200	1,200	1,300	0	- 100
OTHER WOOD PRODUCTS	3,700	3,700	3,700	0	0
FURNITURE AND FIXTURES	2,400	2,300	2,500	100	- 100
STONE, CLAY, GLASS & CONCRETE	3,100	3,000	3,100	100	0
PRIMARY METALS	8,600	8,500	8,800	100	- 200
BLAST FURNACES, IRON & STEEL	5,200	5,200	5,500	0	- 300
NONFERROUS METALS	3,400	3,300	3,300	100	100
FABRICATED METALS	10,200	10,100	10,700	100	- 500
FABRICATED STRUCTURAL METALS	4,500	4,500	5,100	0	- 600
OTHER FABRICATED METALS	5,700	5,600	5,600	100	100
MACHINERY	14,700	14,600	14,800	100	- 100
ELECTRICAL EQUIPMENT & SUPPLIES	13,100	12,900	12,700	200	400
TRANSPORTATION EQUIPMENT	10,200	10,400	9,700	- 200	500
INSTRUMENTS & RELATED PRODUCTS	11,900	12,000	13,900	- 100	- 2,000
MISCELLANEOUS MANUFACTURING	2,600	2,600	2,400	0	200
NONDURABLE GOODS	51,500	51,900	50,600	- 400	900
FOOD & KINDRED PRODUCTS	20,500	20,900	20,200	- 400	300
CANNING & PRESERVING	10,100	10,500	10,100	- 400	0
OTHER FOOD PRODUCTS	10,400	10,400	10,100	0	300
TEXTILE MILL PRODUCTS	1,500	1,500	1,500	0	0
APPAREL	2,300	2,400	2,400	- 100	- 100
PAPER & ALLIED PRODUCTS	8,700	8,800	8,900	- 100	- 200
PRINTING & PUBLISHING	12,000	11,900	11,400	100	600
CHEMICALS & ALLIED PRODUCTS	2,200	2,100	2,100	100	100
PETROLEUM REFINING	300	400	400	- 100	- 100
RUBBER & PLASTIC PRODUCTS	3,500	3,400	3,300	100	200
LEATHER PRODUCTS	500	500	400	0	100

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	MAR. 1987	FEB. 1987	MAR. 1986	FEB. 1987	MAR. 1986
(CONT.)					
TOTAL NONMANUFACTURING	875,700	868,500	842,900	7,200	32,800
MINING & QUARRYING	1,300	1,200	1,200	100	100
CONSTRUCTION	29,000	28,700	31,500	300	- 2,500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,100	56,700	55,600	400	1,500
TRANSPORTATION	36,000	35,800	34,200	200	1,800
RAILROAD	4,200	4,100	4,500	100	- 300
TRUCKING & WAREHOUSING	20,900	20,800	18,900	100	2,000
OTHER TRANSPORTATION	10,900	10,900	10,800	0	100
COMMUNICATIONS	12,500	12,500	12,800	0	- 300
UTILITIES	8,600	8,400	8,600	200	0
TRADE	267,100	264,700	257,900	2,400	9,200
WHOLESALE TRADE	67,000	66,400	66,400	600	600
DURABLE GOODS	39,000	38,900	38,900	100	100
NONDURABLE GOODS	28,000	27,500	27,500	500	500
RETAIL TRADE	200,100	198,300	191,500	1,800	8,600
GENERAL MERCHANDISE	25,000	25,000	24,700	0	300
FOOD STORES	32,900	32,900	30,100	0	2,800
AUTO DEALERS & SERVICE STATIONS	24,900	24,800	24,200	100	700
OTHER RETAIL TRADE	117,300	115,600	112,500	1,700	4,800
FINANCE, INSURANCE, & REAL ESTATE	71,200	71,200	67,600	0	3,600
BANKING & CREDIT AGENCIES	23,900	23,900	23,300	0	600
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,300	47,300	44,300	0	3,000
SERVICES	240,800	237,900	224,800	2,900	16,000
HOTELS & PERSONAL SERVICES	25,800	25,200	24,500	600	1,300
HEALTH SERVICES	74,900	74,300	71,500	600	3,400
OTHER SERVICES	140,100	138,400	128,800	1,700	11,300
GOVERNMENT	209,200	208,100	204,300	1,100	4,900
FEDERAL GOVERNMENT	28,800	28,600	28,400	200	400
STATE GOVERNMENT	58,100	57,600	55,800	500	2,300
EDUCATION	25,400	25,200	24,600	200	800
OTHER STATE	32,700	32,400	31,200	300	1,500
LOCAL GOVERNMENT	122,300	121,900	120,100	400	2,200
EDUCATION	79,200	79,200	78,300	0	900
OTHER LOCAL	43,100	42,700	41,800	400	1,300
LABOR-MANAGEMENT DISPUTES	0	0	0	0	0

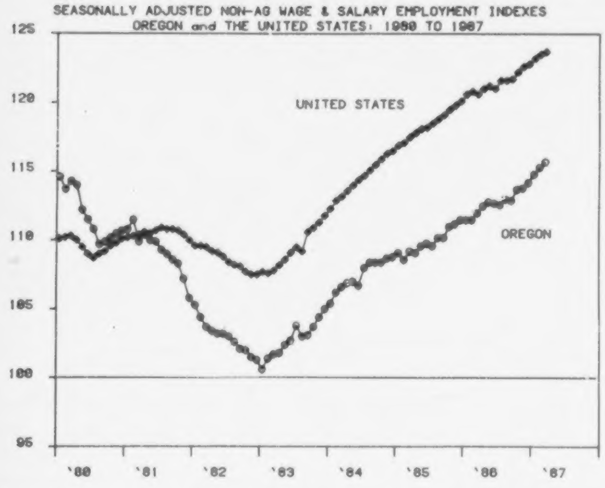
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



lost during the recent labor dispute. According to a recent wood products industry newsletter, the new export tax on Canadian lumber is not expected to have a significant impact on their market share in the long run. In a related industry, both prices and demand for paper are recording new highs creating opportunities for new competition and potential for new jobs.

Construction activity in Oregon has divided into two segments. While residential constuction is maintaining its best showing since the recession, heavy construction has fallen behind levels of recent years. However, recent passage of the national highway bill will bring Oregon $140 million per year for five years. As bids are awarded for bridge and road construction, a surge of 2000 workers is expected in heavy construction. An additional one or two hundred jobs will be created as work begins in April on the Arco oil module contract for Alaska's North Slope. A regional shift has become more clearly defined as Oregon is now the only location in the Nation where this type of work is currently being done.

In other durable goods manufacturing, the aluminum industry is looking better. Both Reynolds Metals of Troutdale and Northwest Aluminum of The Dalles are scheduled to start additional potlines in May. Other good news included the award of a Navy ship overhaul contract to Northwest Marine Iron Works. This will provide up to 500 jobs for about one year in transportation equipment. Electronics, instruments, and computers appear to have bottomed out since employment has now been stable for over six months.

The 400 employment drop in food products was due to the cherry processing cycle. No significant gains are expected until the beginning of the strawberry season in May. Printing and publishing continued to show small but steady gains.

For the second consecutive month, trade performed better than expected. On the wholesale side, two-thirds of the new jobs were in groceries and related products. Companies dealing in fresh fruit and vegetables led the way. In retail trade, the desire for quality leisure time and the thought of good weather approaching seem to be the dominant factors. Employment in eating and drinking places rose substantially, while building materials and garden supplies; boat, recreational vehicle, and motorcycle dealers; and gas stations were responsible for smaller increases.

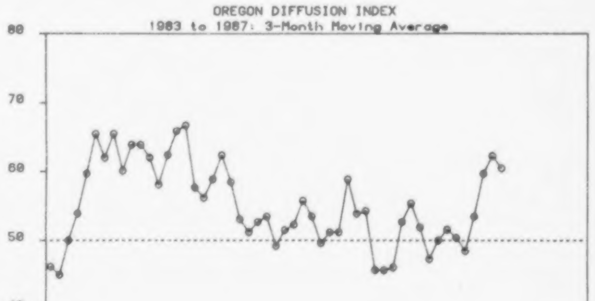
Economic and seasonal factors combined to produce another massive increase in services. Business services (led by employment and temporary help agencies) and health services (mostly outside hospitals) added 1,100 and 600 respectively. Hotels and lodging places (up 600) enjoyed the first of many growth months heading into the summer.

Both trade and services should benefit from the income tax refunds which have been arriving. The Internal Revenue Service has sent taxpayers over $30 billion so far with refunds averaging above $800. Combined with state tax refunds and lower withholding rates on current paychecks, this money should provide a strong impetus to consumer spending.

Two hundred new jobs occurred in utilities and several hundred more will show in the next two months as scheduled maintenance is done at Portland General Electric's Trojan plant. The additional employment increase will occur primarily in construction.

Government experienced a gain of 1,100 workers. However, school closures, which have been the bane of Oregon's educational system, continue. April's employment trends will be affected by labor disputes in Coos Bay and Eugene involving close to 1,000 teachers.

With the solid economic base; the excellent condition of the forest products-based industries; and the funding of heavy construction, Oregon's employment picture looks bright for the rest of this year. ☐



WOMEN IN THE LABOR FORCE

The rising labor force participation of women is one of the most significant demographic trends of the 1970s and 1980s. Who are these women? What kinds of jobs do they do? Why do they work? How much do they earn? Exploring these questions leads to answers that are both expected and somewhat surprising.

From 1975 through 1985, the United States' civilian labor force grew by 23 percent. Women contributed 63 percent of the total growth, as their numbers rose from 38 million to 51 million. Although the Oregon labor force grew only nine percent between 1979 and 1985, women comprised 86 percent of that total growth, increasing from 484,000 to 579,000.

The labor force participation rates (the percentage of people age 16 and over who are working or actively seeking work) for men and women in Oregon reflect, among other things, the impact of the recession on the economy. While in 1979, 51 percent of women were in the labor force, that percentage grew to nearly 56 percent by 1985. The labor force participation rate for men, however, declined proportionately from 78 percent in 1979 to 74 percent in 1985.

Nationally, more than 60 percent of women with children under age 18 were in the labor force in 1985. Of these 20 million women, eight million had preschool children. Most employed mothers worked full time and divorced mothers were more likely to work full time than married, separated, widowed or never married mothers.

The occupations women enter remain, in large measure, those in which women have traditionally worked -- clerical, nursing, teaching in elementary and secondary schools and apparel sales. Secretarial work is still the largest occupation of women. There has, however, been a significant increase in the number of women in executive, administrative and managerial occupations. They also have increased their presence in nontraditional areas of work, such as law, engineering, law enforcement and the skilled trades.

Approximately 150,000 women were members of the Armed Forces in 1985, comprising about nine percent of the total. Women in the military are excluded from combat by law and, as is also true of civilian women workers, the largest proportion of military women are in clerical and administrative fields. However, military women are much more likely than civilian women to be aircraft and auto mechanics and electronic equipment repairers.

An increasing number of women are choosing self-employment as an alternative. An article in the December 17 Oregonian reported that women are starting businesses at a rate five times that of men. This article cited research conducted at the University of Miami indicating that women own clothing stores, printing companies, advertising and public relations firms, flower shops, gift shops and manufacturing firms.

Nancy Hargis

According to the Bureau of Labor Statistics, three factors have led to the increase in the number of businesses owned by women:

-More women have acquired skills and experiences that can be translated into entrepreneurship.

-More women are preparing themselves by education and training to take advantage of opportunities in emerging industries such as biomedicine and electronics.

-General expansion of the service sector of the economy has created many new entrepreneurial opportunities.

It is important to understand that the majority of women in Oregon and across the country work because of economic need, to provide for or to supplement family income. The myth that women work primarily for "extra money" was dispelled by the recession of the early 1980s. Changes in the wage structure in many industries traditionally employing a large proportion of men have resulted in the need for two incomes to maintain many families' standard of living. Data also appear to indicate that as women's average education levels continue to increase, so does their motivation to work outside of the home.

Despite their increasing numbers in the labor force and advances in educational levels, full-time women workers earn less than two-thirds as much as full-time men workers on the average. Only 13 percent of women who worked year-round, full time in 1984 had earnings greater than $25,000, compared with 46 percent of men.

The Bureau of Labor Statistics cites the major reason for this earnings gap as the concentration of women in relatively low-paying occupations and in lower status jobs within higher paying occupations. Another reason is, in part, that women enter and leave the labor force more frequently than men, which results in their having less work experience and seniority. Other unmeasurable factors that may contribute to this earnings gap include personal attitudes and discrimination.

The emerging support service needs of women in the labor force are just beginning to be understood. Among these needs are quality child care, adequate transportation, household maintenance, sick/personal/maternity leave and retirement programs that do not unduly penalize women for "breaks in service" for child-rearing. Alternative work patterns, including flextime, in which employees can vary their daily work schedules from the norm, four-day work weeks, job sharing, part time and temporary work are increasingly attractive to women workers. These alternatives may enhance the quality of their personal and work lives, provide opportunities to continue their education and give them a chance to broaden their occupational experiences.

It seems clear that the women of the 1980s and 1990s will continue to expand their career and occupational horizons, both as a result of economic necessity and of their own motivation and drive. As the growth rate of the labor force declines, it is likely that employers and governments will increase their partnerships with women workers to maximize productive capacity for the benefit of business, individuals and society as a whole.

The U.S. Bureau of the Census recently released an excellent monograph, Women in the American Economy, upon which some of this article was based. The report focuses on changes from the early 1970s to the present for women who participated in the labor force. Copies are available for $2.75 (Stock Number 003-001-91563-4) from the Superintendent of Documents, U.S. Government Printing Office, Washington DC 20402. Prepayment is suggested.□

INCREASED EARNINGS—REAL OR AN ILLUSION?

Don Steward

When average hourly earnings in the manufacturing industries and per capita personal income are charted from 1977 to 1986 it appears that sizeable increases have been recorded during this ten year period. However, when these data are devalued for the cost of living increases (based on U.S. CPI-U) that have occurred during the same period, a much different picture emerges.

Over the past ten years Idaho, Washington, Oregon and the United States exhibited some very different trends. From 1977 to 1982, average hourly earnings for the northwest states grew faster than the national average, but after 1982 that trend reversed. The per capita income trend began to reverse itself as early as 1978 in Idaho and 1979 in Oregon and Washington.

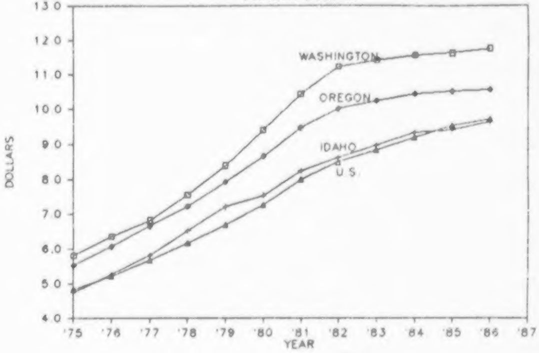
Of the four areas, Oregon has shown the weakest growth in hourly earnings during the last ten years. Average hourly earnings in Oregon's manufacturing industries grew only 54 cents (from $10.02 to $10.56) in the last four years. However, if average hourly earnings for Oregon were expressed in constant 1975 dollars, there has been a continuous decrease since 1978.

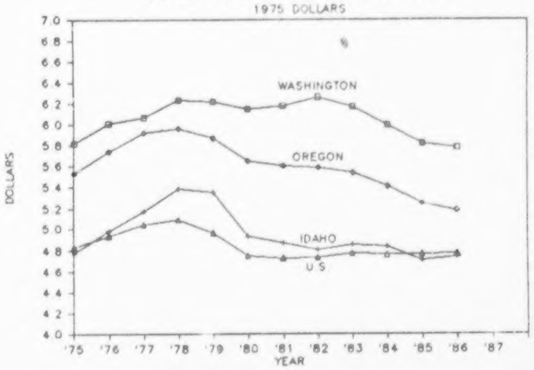
Oregon's average hourly earnings in manufacturing still remain above the national average, but the gap has narrowed almost 10% during the past ten years. When hourly earnings are converted to constant 1975 dollars, Oregon's average wage decreased from $5.92 in 1977 to $5.18 in 1986. For the United States as a whole, average hourly earnings decreased from $5.04 in 1977 to $4.78 in 1986. These figures reflect the loss of the higher paying lumber and wood products jobs from Oregon's economy and the steel and automobile manufacturing jobs from the national economy.

These comparisons give the impression that wage increases in manufacturing may not be keeping pace with inflation. What is actually occurring is that those manufacturing jobs that pay above average wages are becoming a smaller proportion of total manufacturing jobs. Industries like lumber and wood products in Oregon and automobile production at the national level are becoming more efficient and can produce more output with fewer workers.

In 1977, annual average lumber and wood products employment in Oregon was 79,400, or 8.5% of Oregon's total wage and salary employment. Average hourly earnings for the industry were $7.05 compared to $6.67 for all manufacturing industries. The average for all manufacturing industries in the United States was $5.68.

In 1986, annual average employment in the lumber industry was 63,900, up 8,300 from the industry's low point in 1982. This industry represented only 6.0% of Oregon's wage and salary employment in 1986. Average hourly earnings were $10.84 in wood products compared to $10.56 for all of Oregon's manufacturing industries and $9.73 for all manufacturing industries at the national level. During the last ten years Oregon has not only lost a large number of higher paying wood products jobs but the jobs remaining in the industry have lost some of their wage premium over other manufacturing jobs. The ten year increase in average hourly earnings for the lumber industry has been only 53.8% compared with 58.3% for all Oregon manufacturing jobs and 71.3% for all manufacturing jobs in the United States.

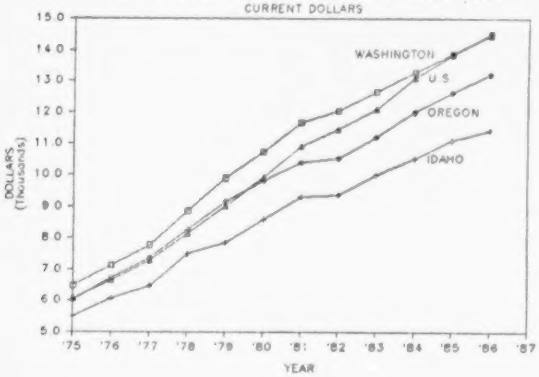

MFG AVG HRLY EARNINGS
CURRENT DOLLARS


MFG AVG HRLY EARNINGS
1975 DOLLARS

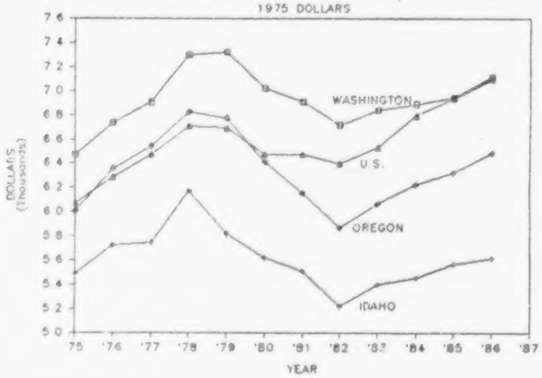
A question that logically follows is "what effect does this have on Oregon's economy?" If we look at the trend in per capita income, which is one of the indicators used to measure economic well-being, we see that Oregon's population is losing some of its buying power compared with the average resident in the United States. Over the past decade, Oregon's per capita income has not kept pace with inflation. In 1977, Oregon's real per capita income (in terms of 1975 constant dollars) was $6,546 compared with $6,488 in 1986. Real per capita income decreased 14% from 1978 to 1982, but has increased 10.5% since then. The net loss for Oregon for the ten year period is nine-tenths of a percent. During the same decade, real per capita income for the United States increased 9.6%, while the State of Washington increased 3.1%. Idaho, which also has experienced severe economic hardship during the past ten years, suffered even more than Oregon. Idaho's real per capita income declined 2.3% during the past ten years.

While Oregon's economy has experienced a roller-coaster ride during the past ten years, it is currently on the mend. The State's residents have nearly recovered the spending power they lost but the source of income is shifting away from the manufacturing industries to a more retail and service-oriented economy. □

PER CAPITA PERSONAL INCOME



PER CAPITA PERSONAL INCOME



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Feb. 2/ 1987	Jan. 3/ 1987	Feb. 1986	Feb. 2/ 1987	Jan. 3/ 1987	Feb. 1986	Feb. 2/ 1987	Jan. 3/ 1987	Feb. 1986
TOTAL MANUFACTURING 4/	$418.31	$412.34	$413.32	39.5	38.9	38.7	$10.59	$10.60	$10.68
Durable Goods	422.50	413.83	422.18	40.2	39.3	39.2	10.51	10.53	10.77
Lumber & Wood Products	432.96	408.67	445.20	41.0	38.7	40.0	10.56	10.56	11.13
Logging & Sawmills	454.41	428.93	470.42	40.5	38.4	39.3	11.22	11.17	11.97
Veneer & Plywood	442.98	409.11	459.90	42.8	39.3	42.0	10.35	10.41	10.95
Millwork & Structural	372.45	352.56	358.89	41.2	39.0	39.7	9.04	9.04	9.04
Mobile Homes	247.05	289.63	271.05	30.5	33.6	32.5	8.10	8.62	8.34
Other Wood Products	426.62	411.99	441.32	40.4	39.2	40.6	10.56	10.51	10.87
Furniture & Fixtures	309.58	315.90	320.47	37.8	39.0	43.9	8.19	8.10	7.30
Primary Metals	496.53	487.23	488.04	40.5	40.3	41.5	12.26	12.09	11.76
Fabricated Metals	375.58	368.42	385.70	38.8	38.7	38.0	9.68	9.52	10.15
Machinery (Ex Electrical)	434.51	430.78	422.67	39.9	38.6	39.1	10.89	11.16	10.81
Nondurable Goods	403.96	407.21	390.38	37.3	37.6	37.5	10.83	10.83	10.41
Food & Kindred Products	313.91	338.54	331.04	33.9	35.9	36.1	9.26	9.43	9.17
Canning & Preserving	259.64	291.87	266.08	32.7	35.9	34.2	7.94	8.13	7.78
Other Food Products	384.11	387.00	417.19	35.5	36.0	38.7	10.82	10.75	10.78
Textile Mill Products	265.60	244.69	238.75	40.0	37.3	38.2	6.64	6.56	6.25
Apparel	226.80	219.48	216.01	37.8	37.2	38.3	6.00	5.90	5.64
Paper & Allied Products	627.07	625.33	604.34	41.5	41.8	41.0	15.11	14.96	14.74
Printing & Publishing	463.14	424.99	395.66	37.9	36.2	36.1	12.22	11.74	10.96
Construction 4/	456.21	445.86	446.88	33.3	33.1	32.5	13.70	13.47	13.75
Communications & Utilities 5/	547.46	506.97	508.00	41.6	40.3	41.2	13.16	12.58	12.33
Trade 5/	286.27	276.87	285.26	33.6	33.0	33.6	8.52	8.39	8.49
Wholesale Trade	391.88	382.47	389.04	36.9	36.6	37.3	10.62	10.45	10.43
Retail Trade	237.22	228.18	233.95	32.1	31.3	31.7	7.39	7.29	7.38
Banking & Insurance	332.24	310.15	305.62						
State & Local Government	351.62	353.55	340.60						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYERS CORNER

Steve Schutz

(Editors Note: Steve Schutz is Vice-President, Northwest Region, of Employers' Unity and serves as the Oregon Job Service Employer Committee's Vice-Chairperson.)

The number of committees, associations and organizations business seems to get involved in can be staggering. Most of them want money, all of them claim to be good for business, and some of them deliver as promised. One of them, Job Service Employers' Committee (JSEC), plays a unique role for both business and government. In a sense, every business pays dues whether they know it or not, but over 1,000 employers in Oregon and some 30,000 employers across the country actively participate in JSEC activities.

JSEC's mission is to provide a link with the State Employment Division - the "unemployment office", and specifically, with Job Service, the Nation's Labor Exchange. Employers pay their dues because their Federal Unemployment Taxes (F.U.T.A.) totally fund the administration of the Employment Division and Job Service. Employers work with JSEC because of this investment. Paying for Job Service cannot be avoided (about $60 per year for each employee), but we can sure impact the quality of service we get.

Oregon's JSEC does not just meet to talk about the Employment Division; it is one of the most active JSEC organizations in the country. For example, when the Downtown Portland Employment Division office was modernized, JSEC helped design a better traffic flow pattern. The Downtown Office no longer looks or feels like a bureaucrat's dream.

JSEC also sponsored the Claim Game - an innovative and effective training tool based on Trivial Pursuit, which helps State employees learn and stay current with the law governing jobless benefits. JSEC Committees donated money and prizes which included a trip to Hawaii for State champions.

One local committee identified a lack of service to employers seeking professional, technical and managerial job applicants. Their suggestions led to the creation of Professional Placement Offices, staffed by account executives who identify industries' special needs and how to match job applicants with employers. Both the Claims Game and Professional Offices have received national attention from other state Job Service Centers and JSECs.

The 16 local Job Service employer committees in Oregon offer seminars to employers on human resource topics such as personnel management, compliance with labor laws and effective recruiting methods.

JSEC input has helped to make Job Service - the National Labor Exchange - more responsive to employer needs. This leads to better use of Job Service, and ultimately results in faster employment for Oregon's unemployed.

Many employers are reluctant to use Job Service to fill their openings because of the reputation Job Service has had in the past. JSEC is working to change that reputation, by improving Job Service. A more responsive Job Service is good business. Qualified applicants are out there and Job Service can match them with employers. JSEC is a powerful tool that can ensure employers get the most from the Employment Service. Information on JSEC is available by contacting Dorothy Monnier, State JSEC Coordinator at 378-4446, or Steve Schutz at 257-9494. ☐

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

MAY 1987

APRIL INDICATORS

UNEMPLOYMENT RATE

Oregon	*(Seas. Adj.)*	
Apr.	1987	5.8
Mar.	1987	6.3
Apr.	1986	8.6
U.S.		
Apr.	1987	6.3
Mar.	1987	6.6
Apr.	1986	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	*1977 = 100*	
Apr.	1987	115.8
Mar.	1987	115.6
Feb.	1987	115.3
Jan.	1987	114.8
Dec.	1986	114.2

DIFFUSION INDEX

Oregon		
Apr.	1987	59.3
Mar.	1987	61.6
Feb.	1987	64.3
Jan.	1987	59.7
Dec.	1986	53.5

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Mar.	1987	39.0
Feb.	1987	39.4
Mar.	1986	39.3

CONSUMER PRICE INDEX (CPI)

1967 = 100
ALL URBAN CONSUMERS

Portland MSA	
Nov. 1986	318.0
Yearly Change	+ 0.3%
Annual Average 1986	316.8
Yearly Change	+ 1.4%
U.S.	
Apr. 1987	337.7
Yearly Change	+ 3.8%
Annual Average 1986	328.4
Yearly Change	+ 1.9%

Portland Hotline 221-4132

OREGON'S RECOVERY—FACT OR FICTION?

Graham Slater

After long years of recession followed by painfully slow recovery, Oregon is finally making great strides toward future economic prosperity. In the past week or so, the unemployment rate continued to fall, measures of employment soared above record levels, labor disputes were resolved, reports of company closures were few and far between, and future employment growth was projected.

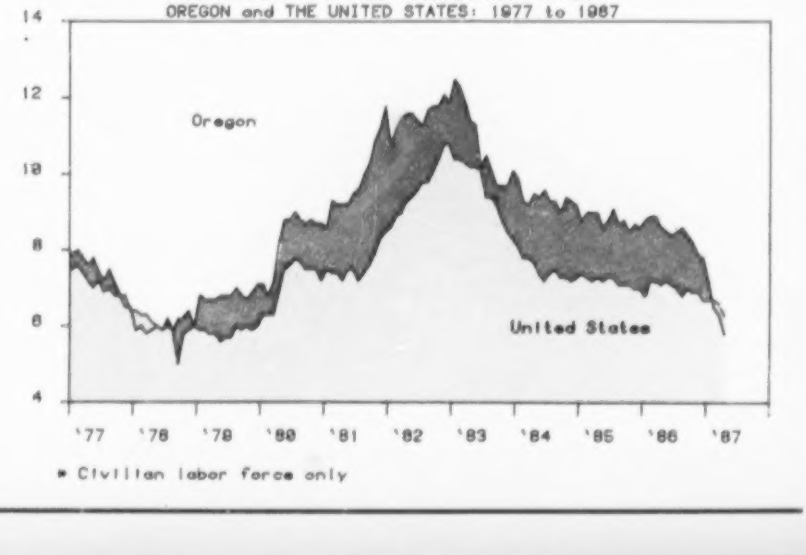
Does this sound too good to be true? Even if true based on the numbers, how accurate are the numbers? How many Oregonians are ready to accept a positive economic attitude after so many years with what might be called a "recession mentality"?

This article will attempt to answer these questions based on last month's employment and unemployment statistics, and on other factors which give perspective to the current condition of our economy. Before reading on, recognize that terms like "recession" and "recovery" are not as well-defined as we would like. In the most general sense, the following definitions will suffice:

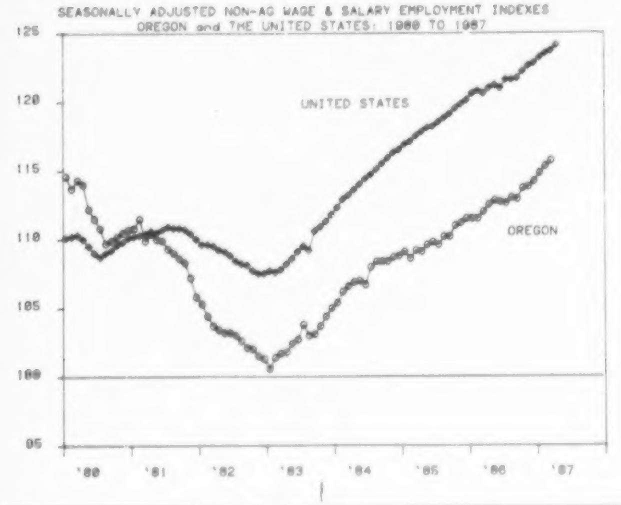
Recession -A moderate and temporary decline in economic activity that temporarily interrupts a period of otherwise increasing prosperity.

Recovery - A return to a normal condition. (According to the "recession" definition, "normal condition" would be a period of "increasing prosperity".)

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1977 to 1987



* Civilian labor force only



Given these definitions (and acknowledging that Oregon's recession was by no means moderate), how does the current economic climate fit in?

Oregon's seasonally adjusted unemployment rate fell in April (for the eighth consecutive month) to a nine-year low of 5.8%. The national rate also declined in April to 6.3%, making this the third successive month (and only the third time this decade) in which Oregon's rate has bettered the national average.

In addition to the unemployment rate, the number of people unemployed is an important factor. In April, 81,800 Oregonians were jobless and seeking work compared to an average of 153,000 during 1982, the worst year of the recession.

Adding further support to these positive figures are statistics from the Employment Division's local offices which deal directly with one group of the unemployed. The level of "weeks compensated" (the number of weeks for which unemployment insurance (UI) benefits have been paid) has fallen drastically since the mid-recession high. In 1979, there were 1.3 million weeks compensated, rising to 3.1m in 1982. Since then, a decline has taken place to 1.7m in 1984, after which the level has held steady. It is likely that this year's level will be lower.

One further unemployment item relates to the average length of time an unemployed person claims UI benefits. In 1979, the average duration of a claim (in weeks) was 12.5. By 1982 this had risen to 17.8, but has since fallen to 14.3 last year.

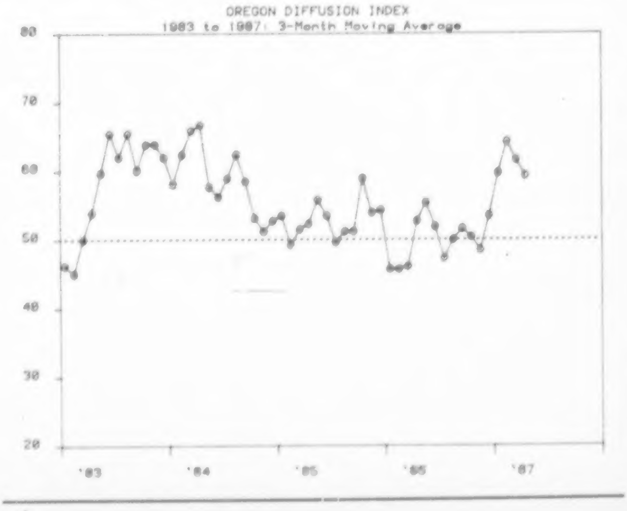
Turning to last month's employment trends, the nonagricultural wage and salary employment index rose for the seventh straight month, reaching 115.8. This index, based on 1977 as base year, tells us that employment is currently 15.8% above the average level of 1977. Perhaps more importantly, the index is now at an all-time high, meaning that after allowing for all seasonal considerations, employment in Oregon has never exceeded the current level.

Oregon's diffusion index, a predictor of employment trends several months ahead, is also continuing its most positive trend in several years, remaining in a positive range (suggesting employment growth ahead) for the last five months.

It is worth noting that the level or direction of change of any economic indicator does not mean a great deal if one month is looked at in isolation. But when statements include "eighth consecutive month", "seventh straight month", and "last five months", definite trends are evident.

One reason for skepticism about Oregon's recovery focuses on the lumber and wood products industry, which still lags far behind the employment levels of the late seventies. And yet, there are bright spots even here. Industry employment grew by 1,100 in April, with added jobs in nearly every sector. Millwork and structural wood is riding an all-time April high of 9,700 (compared to the 1979 April level of 7,900). Also, while employment remains lower than in pre-recession years, production was higher than ever before in 1986. This does not sound like an industry still struggling, but like one which has come through fighting, more efficient than ever. If lumber is to remain one of Oregon's central industries, it is essential that this transition to high efficiency be made, even at the cost of a certain number of jobs.

Total employment in the industry has averaged 66,100 so far in 1987 (based on seasonally adjusted estimates). While comparisons with the 1979 annual average (81,200) are not at all favorable, an understanding of the progress which has been made can be gained by comparing with 1982 (55,600) and even 1986 (63,900). This industry has made an impressively strong start in 1987, partly due to the lingering effects of last year's Canadian strike and low interest rates. Neither of these factors will remain throughout the year so continued strong growth is not expected, but neither is a major fall-off. When all is said and done, average wood products employment in 1987 should be near 66,000, with productivity breaking all records.



Employment trends for other durable goods industries were generally positive in April. The only major loser was transportation equipment where 600 jobs disappeared. However, this industry, whose volatility comes mostly from fluctuations in ship building and repair, faces improvements in the next few months as at least one major contract will create several hundred jobs. High-tech industries, which experienced such a dismal 1986, recorded their fourth straight month of stability, giving credence to the notion that 12 consecutive months of job losses may finally be behind us. While most industries followed a similar trend these past few years (peak in '79, decline to '82, some recovery since), high-tech has been an exception. The 1979 level of 30,000 rose to a "mid-recession high" of 33,700, and has since declined to 30,500. Current projections for high-tech employment suggest maintenance at this level to be the most likely course, at least over the next year.

Turning to nondurable manufacturing, the trends are somewhat less well-defined than in durable goods. Food processing employment appeared strong in April, adding 200 jobs when the loss of 500 was expected based on normal seasonal trends. However, almost all of these were in one part of the industry (seafood processing), and seasonal trends will be particularly difficult to predict early this year following unusually warm weather conditions during winter and spring. After losing "only" 1,500 jobs throughout the recession, food products should show little change for several more years.

The rest of nondurable manufacturing generally remains stable. Only paper and allied products has lost substantial jobs and failed to regain them. The pre-recession high of 10,400 looks like an impossible target after three years hovering around 9,000. On the other hand, the fastest growing industry in this manufacturing group is printing and publishing, now Oregon's fifth-largest manufacturing industry. "Fastest growing" is a relative term here - growth has been steady for more than twenty years. Current employment (12,100) shows growth of 500 over year ago levels, and bodes well for the future with no real threats to continuing progress perceived.

Summarizing, manufacturing employment's 1979 peak level of 228,500 dropped to 185,700 in three years, a loss of more than 40,000 jobs. Since then, steady progress has resurrected the level to 196,700 last year, with 200,000 appearing to be a reasonable goal, this year or next.

As was true in manufacturing, diverse employment trends have been evident in nonmanufacturing. Several industries recorded only moderate job losses before returning to more positive trends. Some never did record a negative year, and one followed more of a manufacturing trend - steep decline, then never recovering to former levels.

This last industry is, of course, construction. While 1987 has not been unkind to the industry, employment is far behind historical levels. Taking the positive view, even though slight increases in interest rates may restrict continuing progress in home construction, the next few months should show strong gains in highway construction, funded mostly by federal dollars. Even so, most forecasts leave construction employment at 33,100 in 1987, well behind the previous high of 53,000 (1979). Construction, like lumber and wood, will likely never return to those levels. (This fact alone makes it very difficult for some Oregonians to accept any notion of recovery. For them recovery without complete restoration of employment in these two basic Oregon industries is unthinkable.)

Elsewhere in nonmanufacturing the picture is far brighter. Transportation, communications, and utilities (TCU) provides a microcosmic picture of the entire Oregon economy, recording a six-year April high in spite of significant changes in composition. Railroads, water transportation, and telephone & other communication have declined to their lowest contemporary April levels (since 1972), while trucking & warehousing, travel agents, airlines, and radio & TV broadcasters set new highs. Current projections show that TCU will continue growing for several more years.

Retail and wholesale trade added 3,700 jobs in April, 1,000 more than expected at this time of year. Even more encouraging than the number of jobs created was the fact that they were fairly evenly distributed among a large variety of wholesale and retail sources. Growth in this industry has been well-documented. A slight decline during the worst of the recession was soon reversed so that 1986 employment averaged 268,100 compared to 1979's 256,800. While wholesale trade is inevitably less visible than retail, it is worth noting that current wholesale employment is 67,300, an all-time April high which exceeds by roughly 3,000 the current level in lumber and wood products. Total trade employment will reach new highs this year (with a projected annual average of 275,900), and growth will continue into the foreseeable future.

Employment in finance, insurance & real estate (FIRE) currently stands at an all-time high of 72,400, mostly due to growth outside of the finance sector. Last month, 900 new jobs appeared in real estate offices and among insurance agents. While banking employment remains at fairly average levels (by historical standards), other credit agencies, insurance companies and agents, and real estate offices all registered record employment levels for the time of year. Like trade, continued growth appears to be certain in this industry with 3,300 new jobs expected in 1987.

Services, predictable for outstanding growth, continues to break almost every record in the book. To give an idea of the broadly based industry-wide progress, note the following: Of thirteen "sub-industries" for which employment estimates are made, three recorded all-time highs, seven experienced their best April ever, and two turned in their best April in several years. Adding these up, twelve out of thirteen registered notable employment levels last month. In light of that, it is no surprise that services employment has never been higher, and the explosive growth is expected to continue. Nearly 14,000 new jobs will be added in 1987. (An industry employing 14,000 would be the third largest manufacturing industry in the state!)

These employment changes have created structural shifts in Oregon's employment picture which will never be reversed. In 1986, "goods-producing" payrolls (manufacturing, mining, construction) accounted for 232,200 workers, 22% of the total jobs. Before the recession, these establishments maintained close to a 27% share. Given that many of the disappearing jobs were well-paid while many of the "service-producing" jobs which replaced them offer lower pay scales, this becomes a significant factor for the State's economy.

In fact, income levels provide the final point of analysis in terms of Oregon's recovery. Based on constant 1986 dollars, average weekly earnings in manufacturing have declined by almost fifty dollars in the last seven years. An even more substantial decline (- $150) has taken place in construction. Adding to these dollar losses the fact that many jobs also disappeared, Oregon has experienced a net loss in manufacturing and construction of roughly thirty million dollars per week (a 30% reduction). Employment and earnings in both manufacturing and construction are still below pre-recession levels. While some of this reduction has been picked up by employment in other industries, there is no denying that a great many well-paying jobs have been lost in one way or another.

One other measure of income is the personal income series prepared by the U.S. Department of Commerce's Bureau of Economic Analysis. The most recent data, again based on constant '86 dollars, indicate that Oregon's total personal income in 1986 surpassed the 1979 level for the first time (+0.2%). However, in those seven years real earnings from employment declined by 9%, while dividends, interest and rent, and transfer payments rose by 23% and 26% respectively. Also, real per capita personal income has been increasing during the last four years, but in 1986 was still about 4% below the 1979 level.

What have we learned from this analysis? The basic lesson is that Oregon's economy (in fact, any economy) is a dynamic entity, always changing either for better or for worse. For what they are worth, the terms "recession" and "recovery" help us to understand periods of significant economic upheaval. However, if recovery is taken to mean a return to the exact economic situation of the past, the definition will never be satisfied. Throughout the past eight years, Oregon's overall economy has experienced a massive decline followed by substantial growth. In addition, the components of the economy, particularly in terms of employment, have been changing with some growing in importance, and some declining. Several industries have never been more crucial to our well-being. Others, which used to dominate, are now only one of several important job-providers. And still others, which once appeared to be an answer to many recessionary problems, proved themselves to be just as vulnerable to economic cycles as those they were supposed to aid.

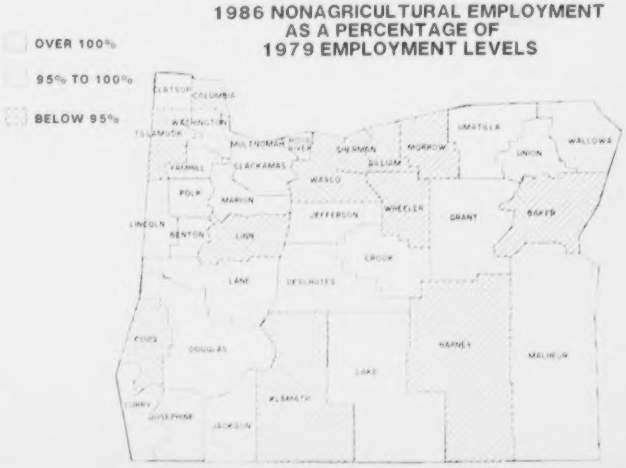
In short, Oregon has a new economy. It is based on a broader group of industries than ever before. Lumber and wood products is strong and efficient and, given new levels of production and employment, is better braced to face future setbacks than it has been in the past. Food and kindred products will remain stable over the next few years. High-tech employment should not fall below current levels in the near future - gradual improvement is expected here. And printing & publishing should continue its upward drive. Continuing growth in manufacturing is expected until about 1989 when the threat of recession must once more be faced.

As is true nationally, Oregon's new economy has a heavy service-based component. Opportunities in nonmanufacturing account for more than 90% of the State's expected job growth through 1989. Construction and mining are not expected to grow, but neither are they likely to decline. Annual growth ranging from one to four percent is expected in TCU, trade, FIRE, and services.

Oregon's new economy is dominated by more lower paying jobs than was the old one. However, that fact alone is insufficient to claim that recovery has not taken place. Employment has returned to (and surpassed) its pre-recessionary levels. The new jobs which have been created are in different industries, pay different wages, and attract different people than did the old ones. Also, they are not distributed equally among the regions of the State (see map below). All these differences mean that some people, in some regions, are still unemployed with little likelihood of finding work without retraining and/or relocating.

Even so, it seems that the question facing us in the immediate future is not so much "How can we help Oregon to recover?" (for that seems to have already occurred), but "How can we mold this new Oregon into an economy we can live with, an economy which will provide for our families, an economy of which we can be proud?". These are the challenges for state and local economic development efforts.

Enough of recession. Let Oregon move forward, recognizing and accepting its new character, and developing that character into an economic strength not witnessed in the State's history. Oregon's future is only as secure as its citizens make it. A positive, recession-free attitude is but the first step in giving Oregon the vibrant, growing, and satisfying economy it deserves.□


1986 NONAGRICULTURAL EMPLOYMENT AS A PERCENTAGE OF 1979 EMPLOYMENT LEVELS

RESIDENT OREGON LABOR FORCE

	APR. 1987 1/	MAR. 1987 2/	CHANGE	% CHANGE	APR. 1986 5/
CIVILIAN LABOR FORCE 3/	1,346,000	1,348,700	- 2,700	- 0.2	1,334,600
UNEMPLOYMENT	81,800	93,700	- 11,900	- 12.7	121,200
PERCENT OF LABOR FORCE	6.1	6.9	XXX	XXX	9.1
SEASONALLY ADJUSTED PERCENT	5.8	6.3	XXX	XXX	8.6
TOTAL EMPLOYMENT 4/	1,264,200	1,255,000	9,200	0.7	1,213,400

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1986 AND JANUARY 1987, DATA FOR 1987 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	APR. 1987 1/	MAR. 1987 2/	APR. 1986	MAR. 1987	APR. 1986
TOTAL 3/	1,077,000	1,066,700	1,046,600	10,300	30,400
WAGE & SALARY EMPLOYMENT INDEX 4/	115.8	115.6	112.5	XXX	XXX
DIFFUSION INDEX 5/	59.3	61.6	52.7	XXX	XXX
TOTAL MANUFACTURING	193,200	191,900	192,400	1,300	800
DURABLE GOODS	141,500	140,400	141,900	1,100	- 400
LUMBER & WOOD PRODUCTS	64,500	63,400	62,800	1,100	1,700
LOGGING & SAWMILLS	32,300	31,700	31,800	600	500
VENEER & PLYWOOD	17,400	17,400	16,800	0	600
MILLWORK & STRUCTURAL WOOD	9,700	9,400	9,100	300	600
MOBILE HOMES	1,300	1,200	1,400	100	- 100
OTHER WOOD PRODUCTS	3,800	3,700	3,700	100	100
FURNITURE AND FIXTURES	2,400	2,400	2,600	0	- 200
STONE, CLAY, GLASS & CONCRETE	3,100	3,000	3,200	100	- 100
PRIMARY METALS	8,800	8,700	8,500	100	300
BLAST FURNACES, IRON & STEEL	5,300	5,300	5,300	0	0
NONFERROUS METALS	3,500	3,400	3,200	100	300
FABRICATED METALS	10,400	10,300	10,700	100	- 300
FABRICATED STRUCTURAL METALS	4,600	4,600	4,900	0	- 300
OTHER FABRICATED METALS	5,800	5,700	5,800	100	0
MACHINERY	14,800	14,600	14,900	200	- 100
ELECTRICAL EQUIPMENT & SUPPLIES	13,100	13,100	12,800	0	300
TRANSPORTATION EQUIPMENT	9,700	10,300	10,200	- 600	- 500
INSTRUMENTS & RELATED PRODUCTS	12,000	12,000	13,800	0	- 1,800
MISCELLANEOUS MANUFACTURING	2,700	2,600	2,400	100	300
NONDURABLE GOODS	51,700	51,500	50,500	200	1,200
FOOD & KINDRED PRODUCTS	20,600	20,400	20,100	200	500
CANNING & PRESERVING	10,400	10,100	9,900	300	500
OTHER FOOD PRODUCTS	10,200	10,300	10,200	- 100	0
TEXTILE MILL PRODUCTS	1,500	1,500	1,500	0	0
APPAREL	2,300	2,300	2,300	0	0
PAPER & ALLIED PRODUCTS	8,700	8,700	8,900	0	- 200
PRINTING & PUBLISHING	12,100	12,000	11,600	100	500
CHEMICALS & ALLIED PRODUCTS	2,200	2,200	2,000	0	200
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,500	3,500	3,300	0	200
LEATHER PRODUCTS	400	500	400	- 100	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	APR. 1987	MAR. 1987	APR. 1986	CHANGE FROM	
				MAR. 1987	APR. 1986
(CONT.)					
TOTAL NONMANUFACTURING	883,800	874,800	854,200	9,000	29,600
MINING & QUARRYING	1,300	1,200	1,500	100	- 200
CONSTRUCTION	31,600	29,000	33,600	2,600	- 2,000
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,000	56,900	56,200	100	800
TRANSPORTATION	35,900	36,000	34,700	- 100	1,200
RAILROAD	4,100	4,100	4,500	0	- 400
TRUCKING & WAREHOUSING	20,800	21,000	19,300	- 200	1,500
OTHER TRANSPORTATION	11,000	10,900	10,900	100	100
COMMUNICATIONS	12,500	12,400	12,800	100	- 300
UTILITIES	8,600	8,500	8,700	100	- 100
TRADE	270,700	267,000	262,800	3,700	7,900
WHOLESALE TRADE	67,300	66,900	67,100	400	200
DURABLE GOODS	39,700	39,000	39,600	700	100
NONDURABLE GOODS	27,600	27,900	27,500	- 300	100
RETAIL TRADE	203,400	200,100	195,700	3,300	7,700
GENERAL MERCHANDISE	25,600	25,100	25,000	500	600
FOOD STORES	33,400	32,800	30,900	600	2,500
AUTO DEALERS & SERVICE STATIONS	25,600	25,100	24,800	500	800
OTHER RETAIL TRADE	118,800	117,100	115,000	1,700	3,800
FINANCE, INSURANCE, & REAL ESTATE	72,400	71,500	68,200	900	4,200
BANKING & CREDIT AGENCIES	23,900	23,800	23,500	100	400
OTHER FINANCE, INSURANCE, & REAL ESTATE	48,500	47,700	44,700	800	3,800
SERVICES	242,900	240,100	228,300	2,800	14,600
HOTELS & PERSONAL SERVICES	26,600	25,900	25,000	700	1,600
HEALTH SERVICES	74,600	74,700	71,800	- 100	2,800
OTHER SERVICES	141,700	139,500	131,500	2,200	10,200
GOVERNMENT	207,900	209,100	203,600	- 1,200	4,300
FEDERAL GOVERNMENT	29,100	28,700	28,500	400	600
STATE GOVERNMENT	58,000	58,100	55,700	- 100	2,300
EDUCATION	25,000	25,400	24,300	- 400	700
OTHER STATE	33,000	32,700	31,400	300	1,600
LOCAL GOVERNMENT	120,800	122,300	119,400	- 1,500	1,400
EDUCATION	77,600	79,200	77,500	- 1,600	100
OTHER LOCAL	43,200	43,100	41,900	100	1,300
LABOR-MANAGEMENT DISPUTES	1,400	0	0	1,400	1,400

1/ PRELIMINARY

2/ REVISED

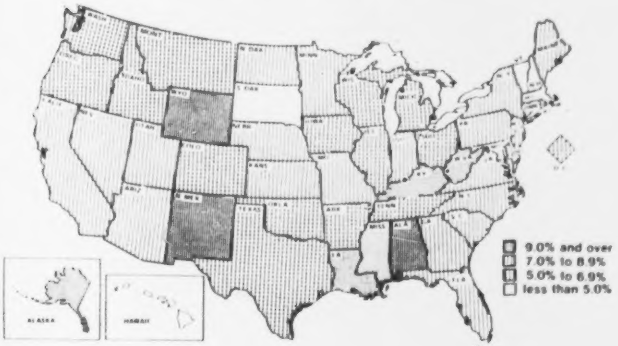
3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

1986 UNEMPLOYMENT RATES BY STATE

Unemployment Rates by State, 1986 Annual Averages



	1986 Rank	1986	1985	Change
United States		7.2	7.0	-0.2
Louisiana	1	13.1	11.5	1.6
West Virginia	2	11.8	13.0	-1.2
Mississippi	3	11.7	10.3	1.4
Alaska	4	10.8	9.7	1.1
Alabama	5	9.8	8.9	0.9
Kentucky	6	9.3	9.5	-0.2
New Mexico	7	9.2	8.8	0.4
Wyoming	8	9.0	7.1	1.9
Texas	9	8.9	7.0	1.9
Michigan	10	8.8	9.9	-1.1
Arkansas	11	8.7	8.7	0.0
Idaho	11	8.7	7.9	0.8
Oregon	12	8.5	8.8	-0.3
Washington	13	8.2	8.1	0.1
Oklahoma	13	8.2	7.1	1.1
Illinois	14	8.1	9.0	-0.9
Montana	14	8.1	7.7	0.4
Ohio	14	8.1	8.9	-0.8
Tennessee	15	8.0	8.0	0.0
Colorado	16	7.4	5.9	1.5
Iowa	17	7.0	8.0	-1.0
Wisconsin	17	7.0	7.2	-0.2
Arizona	18	6.9	6.5	0.4
Pennsylvania	19	6.8	8.0	-1.2
California	20	6.7	7.2	-0.5
Indiana	20	6.7	7.9	-1.2
North Dakota	21	6.3	5.9	0.4
New York	21	6.3	6.5	-0.2
South Carolina	22	6.2	6.8	-0.6
Missouri	23	6.1	6.4	-0.3
Nevada	24	6.0	8.0	-2.0
Utah	24	6.0	5.9	0.1
Georgia	25	5.9	6.5	-0.6
Florida	26	5.7	6.0	-0.3
Kansas	27	5.4	5.0	0.4
Maine	28	5.3	5.4	-0.1
Minnesota	28	5.3	6.0	-0.7
North Carolina	28	5.3	5.4	-0.1
Nebraska	29	5.0	5.5	-0.5
New Jersey	29	5.0	5.7	-0.7
Virginia	29	5.0	5.6	-0.6
Hawaii	30	4.8	5.6	-0.8
South Dakota	31	4.7	5.1	-0.4
Vermont	31	4.7	4.8	-0.1
Maryland	32	4.5	4.6	-0.1
Delaware	33	4.3	5.3	-1.0
Rhode Island	34	4.0	4.9	-0.9
Connecticut	35	3.8	4.9	-1.1
Massachusetts	35	3.8	3.9	-0.1
New Hampshire	36	2.8	3.9	-1.1

FEDERAL CONTRACT ASSISTANCE

John Stone

Oregon business firms should be aware of the existence of a new program which is designed to help small business obtain federal contracts. "Small" business is generally defined as a firm with less than 500 employees. In 1985, Congress allocated funds for Procurement Technical Assistance Centers whose purpose would be to help small business firms bid on federal government contracts. Oregon firms obtain less than one half of 1% of all federal contracts at present. Many Oregon firms do not know how to obtain federal contracts or are intimidated by the paperwork that is involved.

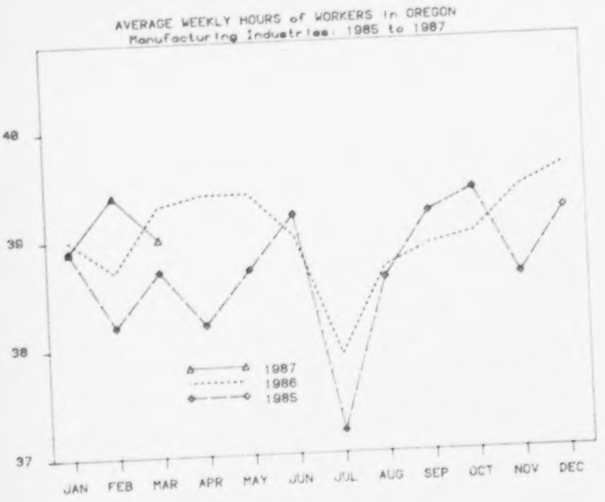
In 1986, the Oregon International Port of Coos Bay applied for and received a matching federal grant to set up an assistance program. The director of the Government Contract Acquisition Program (GCAP) is Rick Evans, a former Hughes Aircraft procurement specialist. The Coos Bay GCAP program provides a free service to Oregon business firms who are seeking federal contracts.

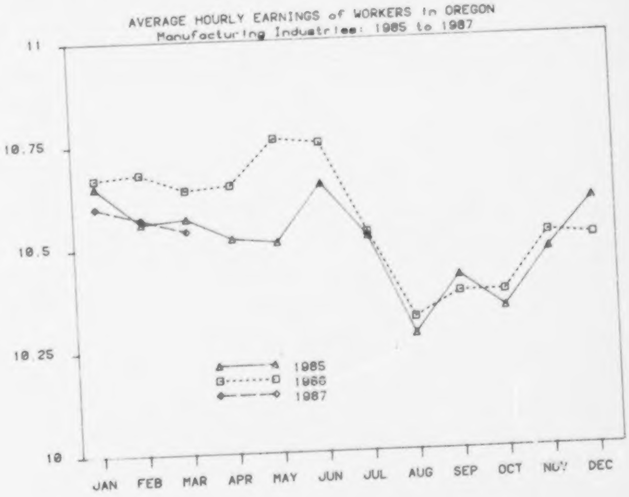
Each day, the Coos Bay GCAP receives updated computer lists of federal government requests for proposals and bid invitations. After a firm has registered with the GCAP computer service, that firm's products and services are matched with particular federal contracts. The firm then requests bid information from the relevant government agency. Coos Bay GCAP will provide assistance to the firm, if necessary, in filling out the bid package. In addition, the GCAP program offers a resource library, guidelines of specifications and standards, a microfiche system, and free consultation.

Almost any Oregon small business firm can qualify for the GCAP service. Approximately 150 firms now receive government bid information on a regular basis and 50 firms have already bid on government contracts. The efforts of the GCAP office have brought in over $100,000 to Coos Bay companies alone, while GCAP assisted bids throughout the State could potentially bring in millions of dollars. For further information about the GCAP program, contact:

International Port of Coos Bay
Government Contract Acquisition Program
Front & Market Streets
Coos Bay, Oregon 97420
Tele: 888-2595 ☐

HOURS & EARNINGS





AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Mar. 2/ 1987	Feb. 3/ 1987	Mar. 1986	Mar. 2/ 1987	Feb. 3/ 1987	Mar. 1986	Mar. 2/ 1987	Feb. 3/ 1987	Mar. 1986
TOTAL MANUFACTURING 4/	$411.06	$416.46	$418.15	39.0	39.4	39.3	$10.54	$10.57	$10.64
Durable Goods	414.22	423.15	426.13	39.6	40.3	39.9	10.46	10.50	10.68
Lumber & Wood Products	415.80	434.84	449.04	39.6	41.1	40.6	10.50	10.58	11.06
Logging & Sawmills	431.07	455.22	477.19	38.8	40.5	40.1	11.11	11.24	11.90
Veneer & Plywood	417.51	444.87	465.26	40.3	42.9	43.2	10.36	10.37	10.77
Millwork & Structural	374.67	371.13	348.81	41.4	41.1	38.8	9.05	9.03	8.99
Mobile Homes	279.82	247.36	287.10	34.0	30.5	33.5	8.23	8.11	8.57
Other Wood Products	416.59	428.63	440.40	39.6	40.9	40.0	10.52	10.48	11.01
Furniture & Fixtures	320.80	314.80	315.90	38.1	37.7	40.5	8.42	8.35	7.80
Primary Metals	504.64	493.70	478.58	41.5	40.5	40.8	12.16	12.19	11.73
Fabricated Metals	377.28	367.93	400.93	39.3	39.1	39.5	9.60	9.41	10.15
Machinery (Ex Electrical)	427.12	431.94	423.93	38.9	39.7	39.0	10.98	10.88	10.87
Nondurable Goods	402.13	399.94	395.18	37.2	37.1	37.6	10.81	10.78	10.51
Food & Kindred Products	327.80	314.19	325.58	35.4	34.3	35.7	9.26	9.16	9.12
Canning & Preserving	277.49	260.62	260.84	34.6	33.2	33.7	8.02	7.85	7.74
Other Food Products	391.65	384.13	410.96	36.5	35.7	38.3	10.73	10.76	10.73
Textile Mill Products	243.08	259.52	242.79	38.1	39.5	38.6	6.38	6.57	6.29
Apparel	219.98	226.80	214.30	36.3	37.8	37.4	6.06	6.00	5.73
Paper & Allied Products	634.37	629.45	608.06	41.9	40.9	40.7	15.14	15.39	14.94
Printing & Publishing	432.60	449.92	419.60	35.9	37.4	37.1	12.05	12.03	11.31
Construction 4/	454.91	456.54	459.21	33.4	33.3	33.3	13.62	13.71	13.79
Communications & Utils 5/	504.27	543.71	501.39	39.8	41.6	40.5	12.67	13.07	12.38
Trade 5/	280.39	287.12	290.70	33.3	33.7	34.2	8.42	8.52	8.50
Wholesale Trade	373.89	396.55	392.70	36.3	37.2	37.4	10.30	10.66	10.50
Retail Trade	236.38	236.26	241.33	31.9	32.1	32.7	7.41	7.36	7.38
Banking & Insurance	307.87	332.86	309.26						
State & Local Government	347.97	350.39	337.11						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

BUSINESS GROWTH AND DECLINE IN OREGON

Arthur Ayre

Several studies have been conducted recently to measure the extent of job gains from business starts and expansions and job losses from business closures and contractions. At least one of these studies has examined the job gains across different firm sizes, industries, classes of ownership, and location of corporate headquarters. The primary purpose of the studies is to assist state agencies in developing effective strategies for economic development.

One such study was the research published in 1979 by Professor David Birch of MIT. Mr. Birch sought to determine where jobs were generated, and who was most likely to respond to economic development incentives. It was his observation that "our approach has usually been to stimulate whole economies with such shotgun policies as tax incentives and easy access to money and public works programs.... What we need and have lacked, is the ability to target our incentives to those who can make good use of them without wasting taxpayers' monies on those who cannot."

Other studies include analysis by the Brookings Institution, the University of California Institute of Urban and Regional Development, the Wisconsin Department of Development, and the Minnesota Department of Energy and Economic Development. The conclusions drawn by these studies are not all in agreement, but there is a growing base of analysis which will assist in the design of better research.

The Birch study concluded that, in the U.S. between 1969 and 1976, firms with fewer than 20 employees contributed two-thirds of net employment growth, and firms with fewer than 100 employees contributed four-fifths of net employment growth. The Brookings report found similar proportions in data covering 1978 to 1980, but noted that many of the growing small firms were branches or subsidiaries of larger firms. This called into question the results of the Birch study, which apparently treated branches of large firms as individual small businesses.

The Minnesota study stated that "A jobs policy supporting branching of large firms would promote stability in the economy, compared to the volatility introduced by numerous births and deaths of small firms." It also found that firms with headquarters located farther from the state were more likely to close than to contract, and that the best jobs policy was one which focused on retention and expansion of existing firms, especially those firms headquartered within the state. One suggestion was that public policy could assist in job creation by inducing large corporations to expand into new fields and businesses.

The Oregon Employment Division recently undertook part of a project to examine Oregon's business starts, stops, expansions, and contractions by size of firm, industry, and county over the recent past. The project focused on private firms and excluded the government sector. The study is similar in nature to those mentioned above but, as in the Birch study, contains the flaw of treating branches of large firms as individual reporting units.

The data in the Oregon Business Growth and Decline Study were drawn from Employment Division covered employment records, which reflect employment covered by Unemployment Insurance. The data identify each county's total number of firms and associated covered employment by four-digit SIC (Standard Industrial Classification code) and by size class (firms with covered employment of 0-19, 20-99, 100-249, 250-499, and 500+) for the years 1979 to 1985. It should be noted that data for 1979 and 1980 are not complete, due to the deletion of some records on businesses which closed prior to 1981. Therefore, we deal here only with the period 1981 to 1985.

The number of jobs (covered by Unemployment Insurance) in Oregon is shown in the table below by size class for years 1981 to 1984. The data indicate a trend away from employment in the largest units.

SIZE CLASS	EMPLOYMENT 1981	 1982	 1983	 1984
1 (0-19)	236421	229039	233295	244834
2 (20-99)	235167	224900	226024	244857
3 (100-249)	114949	107303	110948	118122
4 (250-499)	70183	65307	67429	74466
5 (500+)	126741	120014	115831	119601

The following observations are based on a preliminary examination of the data. We'll focus first on employment changes due only to starts and stops. The net effect (starts minus stops) was a gain of employment in every year from 1981 to 1985. However, the gains were not equally distributed among the size classes. The following table shows that size class 1 (0 to 19 employees) contributed well over one-third of the total jobs added by starts and stops, while size class 2 (20 to 99) contributed over one-fifth. These figures are substantially smaller than those in the Birch and Brookings studies, but cover a different time period and a much smaller geographic area which is likely to exhibit unique characteristics.

NET EMPLOYMENT CHANGE DUE TO STARTS AND STOPS

SIZE CLASSES	PERIODS 1981-85		 1984-85	
1 (0-19)	16982	37.1%	7187	33.6%
2 (20-99)	10368	22.7%	5057	23.6%
3 (100-249)	7760	17.0%	2189	10.2%
4 (250-499)	5757	12.6%	3569	16.7%
5 (500+)	4867	10.6%	3406	15.9%
TOTAL	45734	100.0%	21408	100.0%

The opening and closing of smaller businesses added more net jobs than did the opening and closing of larger businesses. However, the annual growth rate due to starts and stops in size classes 1 and 2 was essentially the same as those in the larger size classes (0.8% to 1.7% from 1981 to 1985).

Now let's consider employment changes due to expansions and contractions of existing businesses. It is in this area that we see substantial volatility. For example, between 1981 and 1985, the largest two-year percent change in employment due to starts and stops was 3.5% (size class 4 in 1983-1984), while the largest percent change due to expansions and contractions was 16.1% (size class 1 in 1983-1984). It is apparent that, during the study period, the major changes in employment occurred due to expansions and contractions of existing firms rather than to the opening and closing of firms.

When we add employment changes due to starts and stops to those due to expansions and contractions, we see that size class 1 is the only size to exhibit net growth every year between 1981 and 1985. This may be due to a tendency for large firms to grow by branching, as was suggested by earlier studies. Larger firms continue to show job losses due to contractions even as late as 1984-1985, well into the recovery. The table below shows net growth rates in employment due both to starts and stops and to expansions and contractions.

NET EMPLOYMENT GROWTH IN PERCENT

SIZE CLASSES	TWO-YEAR PERIODS			
	1981-82	1982-83	1983-84	1984-85
1 (0-19)	1.2%	12.8%	18.5%	12.3%
2 (20-99)	-10.1%	-3.2%	2.4%	-0.4%
3 (100-249)	-7.6%	-1.9%	0.8%	-2.1%
4 (250-499)	-4.8%	-3.6%	3.8%	-4.4%
5 (500+)	-4.3%	-4.0%	-1.3%	1.1%

Much mention has been made of the growth of employment in services. However, the data also show substantial percentage gains in several other industries in size class 1, several of which far outpace services.

NET EMPLOYMENT GROWTH BY INDUSTRY
(Size Class 1)

INDUSTRY	TWO-YEAR PERIODS			
	1981-82	1982-83	1983-84	1984-85
CONSTRUCTION	-20.0%	5.9%	20.3%	19.5%
DURABLE MFG	-1.3%	50.9%	47.2%	25.0%
NON-DUR MFG	12.8%	71.2%	23.1%	16.5%
T.C.U.*	7.3%	15.4%	22.2%	15.0%
WHOLESALE	3.8%	6.6%	17.8%	9.2%
RETAIL	-0.4%	6.8%	17.0%	7.5%
F.I.R.E.*	0.4%	8.3%	11.6%	10.7%
SERVICES	6.1%	8.4%	13.8%	12.6%

* T.C.U. = Transportation, Communications, Utilities
F.I.R.E. = Finance, Insurance, Real Estate

The spectacular growth rates in the preceeding table are due in large part to expansions of existing businesses. Many of these businesses expand right out of their original size class. This leaves the size class with a smaller employment base than the expansions would imply and sets the stage for continued large percentage gains. Nevertheless, the percentages indicate the ability of firms in size class 1 to add jobs to the economy.

In summary, the data in the Business Growth and Decline Study show that a large proportion of the net increase in jobs in Oregon occurs in small businesses, or at least in those reporting units treated as individual small businesses. In addition, this net increase is due primarily to expansions in existing small businesses (at least some of which are branches of large firms). Until we distinguish between independent small businesses and small branches of large firms, we will be unable to determine whether Minnesota's conclusions (favoring the branching of large, locally-owned firms) are supported by the Oregon data.□

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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DEPARTMENT OF HUMAN RESOURCES
875 UNION STREET N.E.
SALEM, OREGON 97311

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OREGON LABOR TRENDS

JUNE 1987

MAY INDICATORS

UNEMPLOYMENT RATE

Oregon	*(Seas. Adj)*	
May	1987	5.5
Apr.	1987	5.7
May	1986	8.5
U.S.		
May	1987	6.3
Apr.	1987	6.3
May	1986	7.2

WAGE AND SALARY EMPLOYMENT INDEX

OREGON	*1977=100*	
May	1987	116.3
Apr.	1987	116.0
Mar.	1987	115.6
Feb.	1987	115.3
Jan.	1987	114.8

DIFFUSION INDEX

Oregon		
May	1987	59.3
Apr.	1987	61.6
Mar.	1987	61.6
Feb.	1987	64.3
Jan.	1987	59.7

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
Apr.	1987	$10.54
Mar.	1987	$10.54
Apr.	1986	$10.65

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA		
Nov. 1986		318.0
Yearly change	+	0.3%
Annual Average 1986		316.8
Yearly change	+	1.4%
U.S.		
May 1987		338.7
Yearly change	+	3.8%
Annual Average 1986		328.4
Yearly change	+	1.9%

Portland Hotline 221-4132

EMPLOYMENT GROWTH CONTINUES

David Cooke

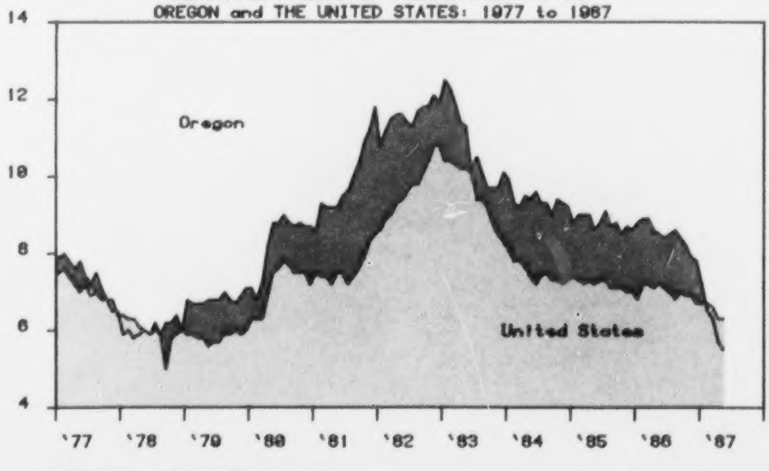
Positive employment news keeps flowing in. Total nonagricultural wage and salary employment reached an all-time high in May of 1,092,900. It's been a long time since the previous high employment was reached, back when Jimmy Carter was still president and Victor Atiyeh was just starting out as Oregon's governor. The month was September 1979 and employment peaked at 1,088,000. In the past 12 months, Oregon's economy has added 33,100 jobs, an increase of 3.1%.

Unemployment in May of 74,200 was astonishingly low when compared with levels during 1980 through 1986, when unemployment ranged between 97,900 and 182,300. May's unemployment rate of 5.5% is also encouraging. Whenever the State's unemployment rate moves in the same direction for several months in a row, a significant trend is indicated. Oregon's rate has been steadily dropping for nine consecutive months and this is the fourth straight month that it has been below the national rate. Indeed, this is good news for Oregonians. More people who were unemployed and looking for work are finding jobs.

One reason for May's bright employment picture was the performance of manufacturing industries. At 196,600, manufacturing employment is 1,000 above a year ago, and after seasonal adjustment, is at its highest level in over two years. An example of manufacturing's across-the-board strength shows on the wage and salary employment table, where no published manufacturing industry recorded a decrease of employment over the month.

Employment in lumber & wood products continued to show significant gains. In May, 1,400 more people were employed over the month, bringing the tally in this industry to 66,200, one third of Oregon's total manufacturing employment. In recent months, seasonal expectations have been surpassed, and May was no exception. Millwork & structural wood continued its record employment growth by posting a seasonally adjusted employment increase of 400. Mobile homes also added to the better than seasonal trend, showing a strong jump in May's employment after lackluster performance earlier in the year. This month's logging employment, however, has not increased from recent May totals, despite increased demand for logs and high mill production levels.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1977 to 1987



* Civilian labor force only

Lumber & wood products is currently experiencing relative prosperity. Despite increased production per employee, employment has reached its highest May level since 1979. The Employment Division expects 1987 annual average employment to be about 66,000 for lumber & wood products, a jump of approximately 2,000 from last year.

What will happen to lumber & wood products employment in the next few years? Demand for the products is the primary factor influencing short term employment levels in this industry. The level of demand, in turn, is influenced by many factors; housing starts, interest rates, timber prices, transportation costs, international currency fluctuations, and inventory levels among others. Currently, demand has been growing in the past few years, and consequently employment levels have increased. But the economic pendulum may be reaching the end of its upswing. Mortgage interest rates appear to have bottomed out at around 9 1/2% in March this year. Competition from the southeastern United States is growing, as their inventories have been increasing.

According to the May 27 issue of Marple's Business Newsletter, timber prices are once again on the rise. It cited a recent forecast for the U.S. forest industry developed by Resource Information Systems Inc., of Bedford, Mass. Prices for Douglas fir stumpage west of the Cascades have increased from $118 per thousand board feet in 1982 to $161 in 1986. The projection for 1990 is close to $275. This substantial increase expected in the next four years is based in part on the Northwest's high dependency on public land timber harvests, low public timber purchases remaining uncut, current Forest Service policy, and limited availability of private second-growth timber within the next ten years. If these factors and others produce diminished demand, the recent employment growth in lumber & wood products employment will not continue.

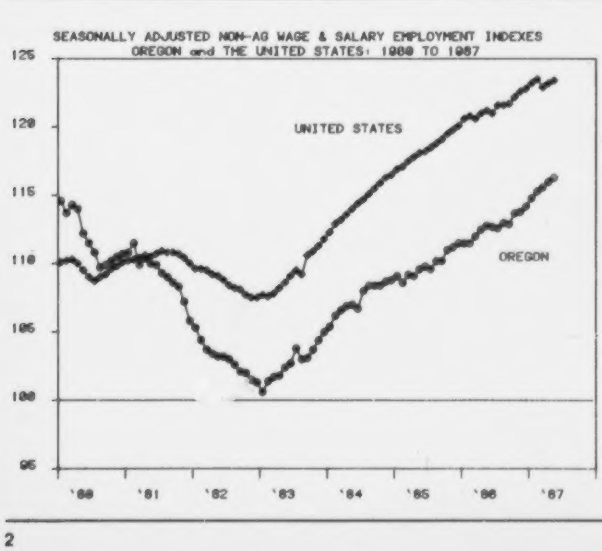
Employment in other durables combined for moderate seasonally adjusted increases. Aluminum production led primary metals as current increases in demand and prices for aluminum are directly affecting employment levels. New Navy contracts accounted for a 300 increase over the month in ship building & repair. For the fifth straight month "high-tech" employment remained stable, but impending layoffs will end the stability in June. Employment in instruments & related products remained unchanged over the month, but is 1,600 below the year ago level and rests at its lowest May level since 1973.

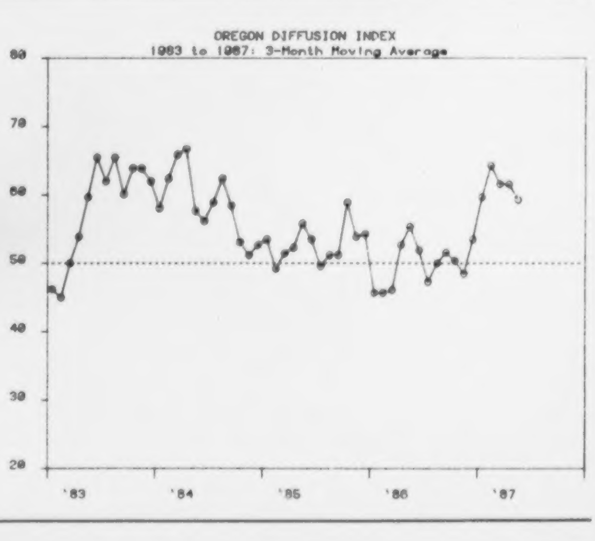
Continuing with manufacturing, food & kindred products employment rose by 300 in May, but this was 600 less than seasonally expected. The good weather that helped increase employment in April has caught up to this highly seasonal industry. This puts employment on a par with recent May employment levels.

Agricultural employment is rarely mentioned in this publication because the data is obtained through different methods than nonfarm wage and salary employment. A reasonably complete census of agricultural employment is obtained each decade, but current monthly figures are more difficult to gauge. This month, certain events have compounded to create problems for those in the agricultural industry, and so a brief explanation is warranted.

Strawberry growers and processors are among the first to experience major problems this year. An early strawberry crop, kids still in school when picking started, and migrant labor problems are all partly responsible for the large volume of strawberries remaining un-harvested. The majority of the problem, fewer migrant workers, is due to the Immigration Reform and Control Act of 1986 which took effect May 5, 1987. The Act has had the immediate effect of drastically reducing the number of Mexican workers who annually travel to Oregon. A preliminary estimate by Oregon's Agricultural Director puts the total at as many as 10,000 migrant workers who were deterred from coming to the State. Typical May agricultural employment in Oregon for recent years has been slightly below 40,000. Peak employment of over 50,000 is reached in late spring or early summer. Of these workers, roughly 20,000 are usually Mexican migrant workers.

The lack of seasonal farm labor may drastically reduce gross sales by as much as one third for commodities that rely on these workers. Strawberries have already been hit hard and cherries will be next affected. Some of the major crops that will be affected this year, and their approximate gross dollar sales for 1986 (in millions of dollars) are as follows: pears ($52), dry onions ($32), strawberries ($29), sweet cherries ($25), hops ($20), apples ($17), tame blackberries ($14), filberts ($14), sugar beets for sugar ($14), red raspberries ($12), black raspberries ($7), sugar beets for seed ($6), and garlic ($5). These data, from the OSU Extension Service, are given here to provide rough estimates of the impact of specific crops on Oregon's economy. Some estimates predict up to $300 million of the $1 billion summer and fall crops might go un-harvested.





Turning back to nonfarm wage and salary employment, the group of industries included in other nondurables showed stable employment patterns in May. Rubber & plastic products was a notable exception, adding 200 additional jobs and pushing it to a record level of 3,700. Miscellaneous plastics products accounts for roughly 90% of rubber & plastics products' employment in Oregon.

Employment in nonmanufacturing which stands at 896,300 has accounted for 97% of the annual net job growth in Oregon. Three fourths of this increase has been in trade and services. The general positive statewide employment trend was also evident in nonmanufacturing, where only state government (-100) recorded a decline over the month.

Construction and the industries that comprise it, all closely followed seasonal trends for the month. But construction over the year is down 800. Heavy construction makes up the bulk of the decline, dropping 700 from May 1986. Nonresidential construction was also down 500 over the year. Heavy construction should quickly pick up during the coming months, as work starts on approximately 200 state highway projects. In 1987, $260 million in federal, state, and local funds has been allocated for highway projects, up 16% from the $225 million in 1986. A gasoline tax increase passed by the 1985 Legislature is responsible for some of the additional projects being funded. Other sectors of construction show some increases. Other special trade contractors (comprised of painting, paper hanging, & decorating, carpentering & flooring, roofing & siding, and concrete work) is of particular interest. Its employment level of 6,400 is the highest May total since 1979 and has rebounded from a recessional May 1983 level of 3,500.

May was a strong month for trade, partly as a result of fair weather. Retail building materials & garden supplies rose from 6,700 in April to 7,000 in May. Wholesale groceries & related products grew from 10,500 to 10,700, an increase of 400 over seasonal expectations. Most parts of the industry were stable or growing, and trade has grown by 3.3% in the last 12 months.

Growth in finance, insurance, & real estate of 600 over the month came exclusively from industries outside the traditional financial industries. In real estate, 23,800 are now employed, 4,600 more than in May 1982. Real estate has continued to grow during the last five years, but the trend may be slowing down as indicated by May's 100 seasonally adjusted slippage.

Much has been said about the growth of the service economy in recent articles. In May, services again posted impressive numbers. Services combined for double the expected growth with a 2,400 increase over the month. This puts services at 6.6% over the year growth, twice as fast as the rest of the economy.

Little change was shown in transportation, communications, & utilities. Trucking & warehousing held stead at 20,900, well above the May 1986 level of 19,400. Government also followed mostly seasonal patterns. Local governments provided much of the employment changes, with education and local elections increasing employment slightly.

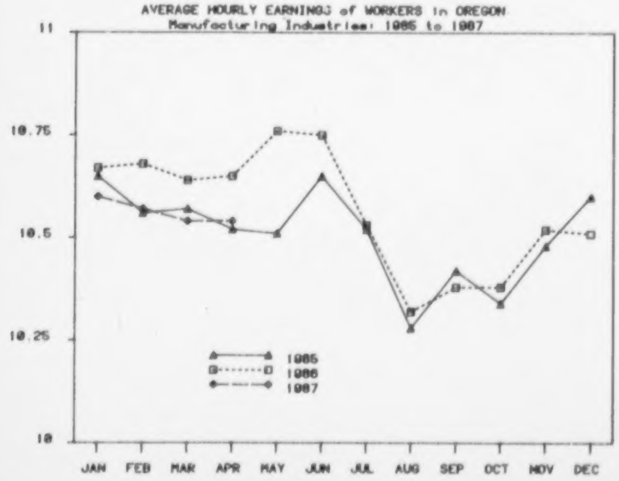
Overall, May was another in a string of positive months for employment in Oregon. How long will Oregon's economy continue to improve? For the short term the trends indicate further growth, but as recent history has shown, employment growth and economic expansion do not continue indefinitely. □

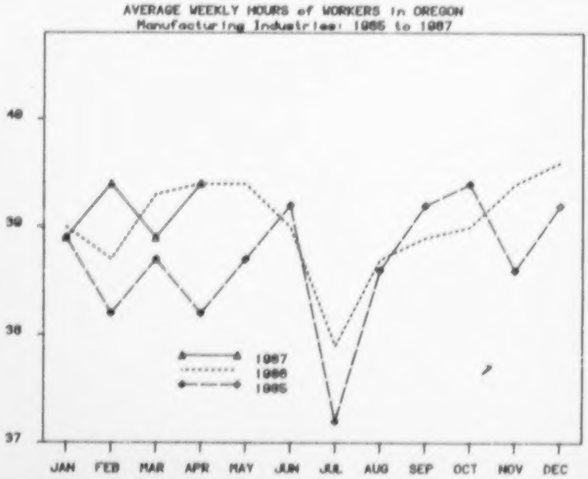
UI BENEFITS HIT LOWEST LEVEL EVER

The Percentage of jobless Americans receiving unemployment benefits in 1986 dropped to the lowest level ever recorded, the Center on Budget and Policy Priorities reported recently. Fewer than one-third of all unemployed workers collected benefits on average. Continued high levels of employment, long spells of joblessness, and government cutbacks in unemployment insurance (UI) were major causes of the record low coverage, the Center said.

The year 1986 was the third year in a row that the level of UI coverage fell below 35 percent. About 5.5 million jobless workers had no unemployment insurance assistance in an average month in 1986, according to the Center's analysis of Labor Department statistics. The report also said that after adjustment for inflation, the value of 1986 UI benefits was 59 percent less than 10 years earlier, even though 800,000 more people on average were employed.

Copies of the report, "Left Out: The Plight of Jobless Workers in 1986," cost $3 from the Center on Budget and Policy Priorities, 236 Massachusetts Avenue. N.E., Suite 305, Washington, D.C. 20002, phone (202) 544-0591. □





RESIDENT OREGON LABOR FORCE

	MAY[1] 1987	APR.[2] 1987	CHANGE	%CHANGE	MAY[5] 1986
CIVILIAN LABOR FORCE[3]	1,350,200	1,349,900	300	0.0	1,346,200
UNEMPLOYMENT	74,200	81,800	-7,600	-9.3	113,600
PERCENT OF LABOR FORCE	5.5	6.1	XXX	XXX	8.4
SEASONALLY ADJUSTED PERCENT	5.5	5.7	XXX	XXX	8.5
TOTAL EMPLOYMENT[4]	1,276,000	1,268,100	7,900	0.6	1,232,600

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1986 AND JANUARY 1987, DATA FOR 1987 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	MAY[1] 1987	APR.[2] 1987	MAY 1986	APR 1987	MAY 1986
TOTAL[3]	1,092,900	1,078,900	1,059,800	14,000	33,100
WAGE & SALARY EMPLOYMENT INDEX[4]	116.3	116.0	112.8	XXX	XXX
DIFFUSION INDEX[5]	59.3	61.6	55.4	XXX	XXX
TOTAL MANUFACTURING	196,600	193,900	195,600	2,700	1,000
DURABLE GOODS	144,100	142,000	144,200	2,100	-100
LUMBER & WOOD PRODUCTS	66,200	64,800	64,200	1,400	2,000
LOGGING & SAWMILLS	33,600	32,500	32,900	1,100	700
VENEER & PLYWOOD	17,500	17,500	16,900	0	600
MILLWORK & STRUCTURAL WOOD	9,900	9,700	9,200	200	700
MOBILE HOMES	1,400	1,300	1,400	100	0
OTHER WOOD PRODUCTS	3,800	3,800	3,800	0	0
FURNITURE AND FIXTURES	2,400	2,400	2,600	0	-200
STONE, CLAY, GLASS & CONCRETE	3,300	3,200	3,200	100	100
PRIMARY METALS	8,900	8,800	8,500	100	400
BLAST FURNACES, IRON & STEEL	5,300	5,300	5,300	0	0
NONFERROUS METALS	3,600	3,500	3,200	100	400
FABRICATED METALS	10,400	10,400	10,800	0	-400
FABRICATED STRUCTURAL METALS	4,600	4,600	5,000	0	-400
OTHER FABRICATED METALS	5,800	5,800	5,800	0	0
MACHINERY	14,800	14,700	14,900	100	-100
ELECTRICAL EQUIPMENT & SUPPLIES	13,100	13,100	12,800	0	300
TRANSPORTATION EQUIPMENT	10,300	9,900	11,100	400	-800
INSTRUMENTS & RELATED PRODUCTS	12,000	12,000	13,600	0	-1,600
MISCELLANEOUS MANUFACTURING	2,700	2,700	2,500	0	200
NONDURABLE GOODS	52,500	51,900	51,400	600	1,100
FOOD & KINDRED PRODUCTS	21,100	20,800	21,000	300	100
CANNING & PRESERVING	10,600	10,500	10,700	100	-100
OTHER FOOD PRODUCTS	10,500	10,300	10,300	200	200
TEXTILE MILL PRODUCTS	1,500	1,500	1,500	0	0
APPAREL	2,400	2,300	2,200	100	200
PAPER & ALLIED PRODUCTS	8,700	8,700	8,900	0	-200
PRINTING & PUBLISHING	12,000	12,000	11,600	0	400
CHEMICALS & ALLIED PRODUCTS	2,200	2,200	2,000	0	200
PETROLEUM REFINING	400	400	500	0	-100
RUBBER & PLASTIC PRODUCTS	3,700	3,500	3,300	200	400
LEATHER PRODUCTS	500	500	400	0	100
TOTAL NONMANUFACTURING	896,300	885,000	864,200	11,300	32,100
MINING & QUARRYING	1,400	1,300	1,600	100	-200
CONSTRUCTION	34,200	32,300	35,000	1,900	-800
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,100	56,900	56,500	200	600
TRANSPORTATION	36,100	35,900	34,900	200	1,200
RAILROAD	4,200	4,200	4,500	0	-300
TRUCKING & WAREHOUSING	20,900	20,800	19,400	100	1,500
OTHER TRANSPORTATION	11,000	10,900	11,000	100	0
COMMUNICATIONS	12,400	12,400	12,900	0	-500
UTILITIES	8,600	8,600	8,700	0	-100
TRADE	275,200	271,000	266,400	4,200	8,800
WHOLESALE TRADE	68,200	67,700	67,100	500	1,100
DURABLE GOODS	39,900	39,800	39,800	100	100
NONDURABLE GOODS	28,300	27,900	27,300	400	1,000
RETAIL TRADE	207,000	203,300	199,300	3,700	7,700
GENERAL MERCHANDISE	25,700	25,400	25,300	300	400
FOOD STORES	34,000	33,500	31,400	500	2,600
AUTO DEALERS & SERVICE STATIONS	25,800	25,500	25,100	300	700
OTHER RETAIL TRADE	121,500	118,900	117,500	2,600	4,000
FINANCE, INSURANCE, & REAL ESTATE	73,000	72,400	68,900	600	4,100
BANKING & CREDIT AGENCIES	23,900	23,900	23,600	0	300
OTHER FINANCE, INSURANCE, & REAL ESTATE	49,100	48,500	45,300	600	3,800
SERVICES	245,700	243,300	230,500	2,400	15,200
HOTELS & PERSONAL SERVICES	26,700	26,700	25,200	0	1,500
HEALTH SERVICES	74,700	74,700	71,900	0	2,800
OTHER SERVICES	144,300	141,900	133,400	2,400	10,900
GOVERNMENT	209,700	207,800	205,300	1,900	4,400
FEDERAL GOVERNMENT	29,500	29,100	28,800	400	700
STATE GOVERNMENT	57,900	58,000	55,300	-100	2,600
EDUCATION	24,900	24,900	24,100	0	800
OTHER STATE	33,000	33,100	31,200	-100	1,800
LOCAL GOVERNMENT	122,300	120,700	121,200	1,600	1,100
EDUCATION	78,000	77,500	78,600	500	-600
OTHER LOCAL	44,300	43,200	42,600	1,100	1,700
LABOR-MANAGEMENT DISPUTES	100	1,400	0	-1,300	100

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

HOURS & EARNINGS

Jason Yohannan

April hours & earnings figures showed little change from March except in two industries.

The slide in average hourly earnings in printing & publishing, although substantial, was not unprecedented. March to April declines have occurred in this industry for seven consecutive years. The cause was mostly seasonal in nature; as annual projects were completed, the overtime rush ended, and hourly earnings fell. Even with April's steep decline, earnings were above year-ago figures.

The drop of hours worked in furniture & fixtures was less predictable than printing's situation. Instead of specific projects reaching completion, this drop was more of a broad, temporary slowing in business. Furniture & fixtures historically has shown fewer hours than the overall manufacturing average, and the smaller size of the industry in Oregon tends to allow the ups and downs of a handful of companies to influence this industry's average much more so than in other manufacturing sectors.

The preceding discussion makes an interesting point about hours & earnings series in general. Published series such as mobile homes, textile mill products, and apparel -- which respectively employed only 1,100, 900, and 2,000 production workers in April -- are potentially subject to much larger short-term changes in hours & earnings. This is because the various experiences of each individual firm have greater impact on the monthly industrial averages there than those same firms would have if they were classified elsewhere.

In contrast, monthly changes in industries such as retail trade or state & local government are usually quite small, except for certain periods of the year (such as the holiday season for retail trade or summers for the education portion of government). Single companies or government agencies have less influence because of the large numbers of workers, overall, in these industries. For example, the April averages listed for retail trade represented 114,200 nonsupervisory workers. The April average weekly earnings for state & local government covered all of those 178,800 employees.□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Apr.[2] 1987	Mar.[3] 1987	Apr. 1986	Apr.[2] 1987	Mar.[3] 1987	Apr. 1986	Apr.[2] 1987	Mar.[3] 1987	Apr. 1986
TOTAL MANUFACTURING[4]	$415.28	$410.01	$419.61	39.4	38.9	39.4	$10.54	$10.54	$10.65
Durable Goods	421.85	413.82	430.54	40.1	39.6	40.2	10.52	10.45	10.71
Lumber & Wood Products	431.17	413.04	448.80	40.6	39.3	40.8	10.62	10.51	11.00
Logging & Sawmills	460.32	429.28	483.11	40.7	38.5	40.7	11.31	11.15	11.87
Veneer & Plywood	423.91	417.11	449.21	40.8	40.3	42.1	10.39	10.35	10.67
Millwork & Structural	370.80	369.90	358.58	41.2	41.1	40.2	9.00	9.00	8.92
Mobile Homes	299.44	284.24	277.44	34.9	34.0	32.0	8.58	8.36	8.67
Other Wood Products	414.87	415.54	441.72	39.7	39.5	40.9	10.45	10.52	10.80
Furniture & Fixtures	248.25	313.96	308.09	28.9	37.6	39.6	8.59	8.35	7.78
Primary Metals	507.49	503.81	463.32	41.7	41.5	39.6	12.17	12.14	11.70
Fabricated Metals	369.38	379.76	402.56	38.8	39.6	39.7	9.52	9.59	10.14
Machinery (Ex Electrical)	429.55	428.46	420.03	39.3	39.2	39.0	10.93	10.93	10.77
Nondurable Goods	396.81	401.05	389.48	37.4	37.1	37.2	10.61	10.81	10.47
Food & Kindred Products	320.95	325.03	324.87	35.0	35.1	35.7	9.17	9.26	9.10
Canning & Preserving	262.98	273.82	256.53	33.5	34.1	33.1	7.85	8.03	7.75
Other Food Products	98.86	391.30	412.90	37.0	36.4	39.1	10.78	10.75	10.56
Textile Mill Products	256.51	243.08	223.44	38.4	38.1	33.6	6.68	6.38	6.65
Apparel	221.90	219.83	215.02	36.8	36.7	37.2	6.03	5.99	5.78
Paper & Allied Products	46.24	633.69	616.76	42.6	41.8	41.2	15.17	15.16	14.97
Printing & Publishing	405.90	435.60	383.01	36.7	36.3	35.3	11.06	12.00	10.85
Construction[4]	477.11	450.49	469.10	34.8	33.1	33.7	13.71	13.61	13.92
Communications & Utilities[5]	534.30	513.76	503.05	41.1	40.2	40.7	13.00	12.78	12.36
Trade[5]	291.04	280.21	283.58	34.0	33.2	33.8	8.56	8.44	8.39
Wholesale Trade	389.71	371.16	375.64	37.4	36.0	36.9	10.42	10.31	10.18
Retail Trade	245.38	237.34	237.96	32.5	31.9	32.2	7.55	7.44	7.39
Banking & Insurance	310.96	308.11	299.87						
State & Local Government	347.80	348.85	339.53						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

LOCAL LMI AND THE LABOR MARKET ECONOMIST

Mike Staten

Try to find an important economic decision made anywhere in Oregon and you will look a long time before finding one that was not influenced by the Employment Division's network of labor market economists.

This has been called the "information age". Most employment and other related economic information relavent to the local areas either comes from, or is available to, the local labor market economists. This data is necessary for local decision makers to have an information base upon which to make their decisions.

Labor market information (LMI) is a product, or group of products, for which the demand continues to grow at an astounding rate every year. Decision makers want current and timely local information. In this regard, Oregon is no exception.

Greater emphasis is being placed on economic analysis and development in Oregon. As more steps are taken to diversify the economic base of the State and local areas, LMI becomes an ever increasing major input into the process. This input is essential to governments, businesses, and private individuals to form sound economic decisions that directly and indirectly affect them in both the short and long runs.

Businesses use data on labor availability, wage rates, affirmative action, inflation rates, and local economic trends; schools, colleges, and universities need to know which occupations and industries are going to be growing or declining to provide the appropriate training; governments need overall, as well as specific, labor market information to formulate economic development, land use plans, and budgetary forecasts; and the general public needs to remain informed on the economic status of Oregon and its local areas.

To address these needs, the Oregon Employment Division, through its Research & Statistics Unit, has assembled a network of local labor market economists strategically located around the State. By being located in the local areas, the economists are able to become extremely knowledgeable about their areas of the State. These individuals live and work in the local communities and their presence in the area stimulates and targets the flow of local labor market information requests.

The labor market economists are part of the Research & Statistics Unit headquartered in Salem. They work in the local Employment Division offices located throughout the State and monitor and analyze economic trends for their assigned areas. They develop monthly and annual estimates of total employment and unemployment for each of their labor market areas, estimates of non-agricultural wage and salary employment, and the establishment of "base year" industry employment from which industrial and occupational projections are made and analyzed. Labor market economists for metropolitan statistical areas (MSAs) also produce monthly and annual estimates for hours and earnings data in the manufacturing industries. This total accumulation of data is then condensed, analyzed, and presented in fourteen monthly local newsletters, Local Labor Trends, written by the economists for each of their geographic areas.

In addition to the monthly Local Labor Trends, each economist writes special economic and technical reports and publications such as the biennial

EMPLOYMENT DIVISION Labor Market Economists

Name	Address	Area	Phone
John Anderson	P.O. Box 910 Medford, OR 97501	Coos, Curry, Jackson, Josephine	776-6068
Earl Fairbanks	P.O. Box 751 Salem, OR 97308	Benton, Linn, Marion, Polk, Yamhill	378-2324
Jeff Hannum	875 Union Street NE Salem, OR 97311	State of Oregon	378-2736
Richard Kuczek	P.O. Box 610 Pendleton, OR 97801	Gilliam, Grant, Hood River, Morrow, Umatilla Wasco/Sherman, Wheeler	276-9055
Mike Mahan	P.O. Box 68 Klamath Falls, OR 97601	Crook, Deschutes, Jefferson, Klamath, Lake	883-5629
Ken Rocco	432 West 11th Eugene, OR 97401	Douglas, Lane, Lincoln	686-7703
Al Stoebig	P.O. Box 159 Portland, OR 97207	Clatsop, Columbia, Tillamook	229-5747
John Stone	P.O. Box 159 Portland, OR 97207	Clackamas, Multnomah, Washington, Yamhill	229-5746
Bill Street	P.O. Box 1008 La Grande, OR 97850	Baker, Harney, Malheur, Union, Wallowa	963-7111

Business & Employment Outlook publications and their associated executive summaries. These fourteen documents together encompass the entire State.

You will hear our local labor market economists on the radio, see them on television, read their quotes in the newspaper, and find them serving on advisory boards of various public and private social service agencies. They are the ones you turn to with economic questions knowing that if they don't have the answers, they probably know who does. They serve as the conduits for other labor market information produced by the entire Research & Statistics Unit or by other state and federal agencies. Examples of this include, but are not limited to, The Oregon Industrial Outlook, Oregon Wage Information, county affirmative action packets, and regional Occupational Program Planning System (OPPS) reports. Data published by other agencies which labor market economists are called upon to distribute include population estimates for counties and incorporated areas (put together by PSU's Center for Population Research and Census), occupational wage data, and the Consumer Price Index data for the U.S. and the Portland Metropolitan Area (gathered by the U.S. Bureau of Labor Statistics).

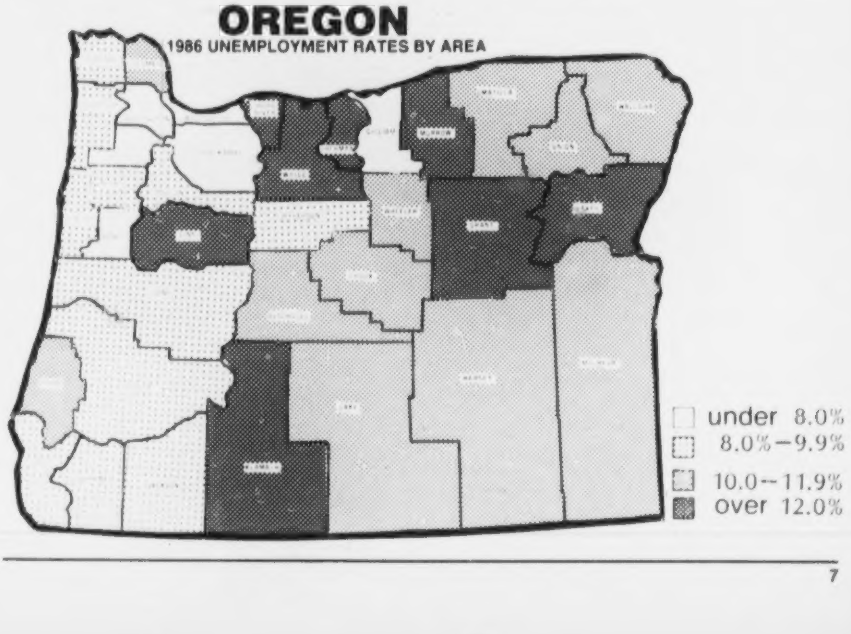
The Oregon Employment Division's local labor market economist program has been in existence for approximately twenty years. We currently have eight outstationed labor market economists and one state economist in the central Research & Statistics Unit in Salem. Their names, addresses, geographic areas of responsibility, and telephone numbers are listed in the accompanying table. During the past year, a labor market economist position was added in Pendleton, allowing for more timely service to data users in that area. The labor market economists, along with other personnel of the Research & Statistics Unit of the Oregon Employment Division, are dedicated to the goal of supplying data users with objective, accurate, and timely economic information at both the local and state levels. A good source of information on the various LMI products and services offered, including who to contact, is the Oregon Labor Market Information Directory. To order a copy contact the labor market economist in your local area or the Central Office in Salem:

Oregon Employment Division
Research & Statistics - LMI
875 Union St. N.E.
Salem, OR 97311
Phone 378-8657 ☐

1986 UNEMPLOYMENT RATES BY AREA

	1986 Rank	1986	1985	Change
United States		8.5%	8.8%	-0.3
Wasco-Sherman	1	14.2	15.2	-1.0
Morrow	2	13.6	11.5	2.1
Hood River	2	13.6	13.2	0.4
Baker	3	13.5	13.7	-0.2
Grant	4	12.1	11.6	0.5
Linn	4	12.1	12.8	-0.7
Klamath	5	12.0	11.7	0.3
Umatilla	6	11.8	11.2	0.6
Wheeler	7	11.7	13.3	-1.6
Harney	8	11.3	11.0	0.3
Union	9	10.9	12.0	-1.1
Wallowa	10	10.8	13.7	-2.9
Coos	11	10.7	13.2	-2.5
Columbia	12	10.6	9.5	1.1
Deschutes	13	10.3	10.9	-0.6
Lake	13	10.3	10.9	-0.6
Malheur	14	10.2	11.3	-1.1
Crook	15	10.1	9.0	1.1
Douglas	16	9.8	11.6	-1.8
Josephine	17	9.6	10.3	-0.7
Curry	18	9.5	11.7	-2.2
Jefferson	19	9.2	10.0	-0.8
Tillamook	20	9.0	10.9	-1.9
Clatsop	21	8.6	8.3	0.3
Eugene-Springfield MSA[1]	22	8.6	8.9	-0.3
Medford MSA[2]	23	8.5	9.4	-0.9
Salem MSA[3]	24	8.5	8.2	0.3
Lincoln	25	8.3	10.2	-1.9
Portland PMSA[4]	26	7.2	7.4	-0.2
Gilliam	27	6.7	5.3	1.4
Benton	28	5.1	5.4	-0.3

1/ Lane County
2/ Jackson County
3/ Marion and Polk Counties
4/ Clackamas, Multnomah, Washington & Yamhill Counties



EMPLOYERS' CORNER - INVESTING IN OREGON'S FUTURE

Dorothy Monnier

Oregon
YOUTH
CONSERVATION CORPS

INVESTING IN OREGON'S FUTURE.
IT'S YOU!
IT'S YOUTH!
IT'S BUSINESS
WORKING WITH GOVERNMENT
PUTTING YOUTH TO WORK.......

Since March 1987, five state agencies have been developing a new Oregon Youth Conservation Corps (OYCC). The idea for a Youth Conservation Corps is an outgrowth of one item on Governor Neil Goldschmidt's 60-day "Oregon Comeback" plan.

The Governor's vision created an OYCC that is truly a public/private sector partnership. This partnership provides jobs for youth between the ages of 16-19 in Oregon's natural resource agencies. The public natural resource agencies provide the jobs and supervision while the private sector provides funds for youth salaries, equipment and necessary materials needed on the job.

The Oregon State Employment Division is the administrative agency which recruited, screened, and referred youth to the employing natural resource agencies.

The Jobs Training Partnership Act (JTPA) Private Industry Councils provided all the training for the youth and for agency supervisors.

On June 15, 1987, more than 80 youths throughout Oregon started working for nine agencies in this new conservation program. These youths are working on 17 natural resource conservation projects located in 13 counties (nine of the counties rank high in youth unemployment).

The OYCC received $138,688 from private and corporate donors in addition to funds from the federal Job Training Partnership Administration.

While the program was modeled after the Civilian Conservation Corps of the 1930s and 1940s, this new concept demonstrates the pride and enthusiasm of Oregonians working together.

As Governor Goldschmidt said, "The youths are the real winners. They gain good job experience, earn a salary, and accomplish something meaningful".

While our youths win, so do you. This public/private partnership dedicated to nurturing Oregon's beautiful natural resources will provide:

- Future employees with good work habits.
- Corporate and personal pride for contributors.
- Enhanced state image.
- Investment in Oregon's future.
- Preservation of our beautiful natural resources.

Plans are to continue this program. We will continue to need your support in order to provide more jobs for youth next year. **BECOME INVOLVED** by contributing to the OYCC. For more information contact:

Allyson Spencer
Youth Conservation
Corps Director
Phone: 378-2038 ☐

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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DEPARTMENT OF HUMAN RESOURCES
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8/14/87

JULY 1987

OREGON LABOR TRENDS

JUNE INDICATORS

UNEMPLOYMENT RATE

Oregon		*(Seas. Adj)*
June	1987	5.8
May	1987	5.5
June	1986	8.4
U.S.		
June	1987	6.1
May	1987	6.3
June	1986	7.1

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	*1977=100*	
June	1987	116.7
May	1987	116.4
Apr.	1987	116.0
Mar.	1987	115.6
Feb.	1987	115.3

DIFFUSION INDEX

Oregon		
June	1987	62.4
May	1987	60.9
Apr.	1987	61.6
Mar.	1987	61.6
Feb.	1987	64.3

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
May	1987	10.60
Apr.	1987	10.55
May	1986	10.76

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland MSA	
Nov. 1986	318.0
Yearly change	0.3%
Annual Average 1986	316.8
Yearly change	1.4%
U.S	
June 1987	340.1
Yearly change	3.7%
Annual Average 1986	328.4
Yearly change	1.9%

Portland Hotline 221-4132

MONTHLY ECONOMIC ANALYSIS

Dave Surdam

June employment figures provide us with an excuse to discuss interpretation of economic statistics. The State of Oregon Employment Division, as well as seemingly multitudes of other sources, provide an avalanche of economic data. The reader may be excused for feeling buried under a surfeit of numbers. Who can make sense of all of it?

Not only are the readers overwhelmed with data, but they are buffeted by obscure footnotes and titles, referring to "Seasonal Adjustment," "Preliminary," and "Revised" figures. A 19th Century philosopher claimed, "Out of chaos comes order," but a citizen of a modern economic society must doubt the veracity of his claim

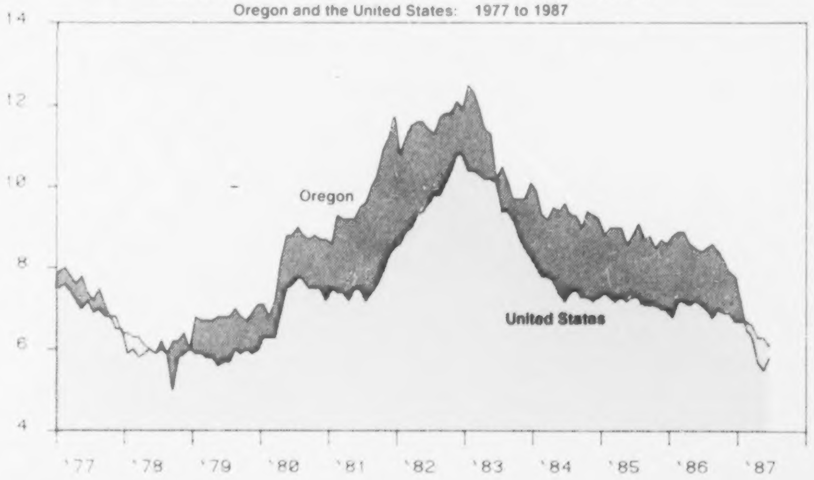
In June, the Oregon seasonally adjusted unemployment rate was 5.8%, up 0.3% from May. This ended a nine-month period of decreasing seasonally adjusted unemployment rates. At first glance, this might seem reason to worry. On a higher level of sophistication, we might attribute this 0.3% rise as falling within the margin of statistical error (e.g. the standard error for the national rate is ±0.11%), so it would be wise to recall the bromide, "It takes three months to make a trend."

We could delve further into the formulation of the unemployment figure. If an area is booming economically, it tends to attract an influx of workers. It takes time for the area to assimilate in-migrants, so we can be faced with an apparent paradox: a booming area with 'high' unemployment rates. However, in the case of June's rate, there is scant evidence of unusual in-migration.

Another possible explanation concerning changes in the unemployment rate is people re-entering the labor market. If an economy is generating new jobs, discouraged workers who had dropped out of the labor force may see hope of becoming employed and will re-enter the labor force. This may raise the unemployment rate as it takes time for these people to secure jobs. Again, in the case of the June rate, there is little evidence of this phenomena.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES *

Oregon and the United States: 1977 to 1987



June's unemployment rise appears to be a methodological one, a matter of compiling the rate. Recall that April and May's figures showed a rapid drop from March and previous months' rates. Some of this drop was attributable to good weather occurring earlier than normal. Employment in outdoor industries such as lumber & wood products, construction, and agriculture displayed an abnormal rise for April and May, and a consequently lower unemployment figure for those months. We use seasonal adjustment to try to capture the underlying economic movements, isolated from the normal seasonal movements in the rates. Because these hirings came earlier than normal, the seasonal adjustment method may have amplified the improvement in unemployment.

The seasonal adjustment method assumes that June brings a surge of hiring in these outdoor industries. Since much of the surge had already occurred, we would expect the June employment and unemployment figures to be biased toward less than normal improvement. As it turns out, June still had an employment surge which compared reasonably well with previous years. Thus, we can conclude that the seasonally adjusted unemployment rates for April and May were artificially low, so June's rise is equally artificial. The primary culprit is the abnormal weather which altered the seasonal hiring pattern and distorted the seasonal adjustment process.

The reader may wonder what all the fuss is about. One way to deal with the mass of economic data is to focus on 'key' indicators: unemployment rate, consumer price index, Dow-Jones, etc. In effect, we economize on the input of data, but at the expense of losing interpretative ability. For many situations, we simply cannot rely on a single number, or even a battery of numbers, to give correct interpretations. We cannot say, "Unemployment rates were up, that's bad." Similarly, we should not use a Consumer Price Index indiscriminately in determining wage rate hikes since the CPI's validity varies from individual to individual, or group to group.

Economic data are tools. Like any tools, we should not expect them to perform more tasks than they were designed for. Too often an economic figure is used for too much, with undesirable consequences.

We at the Employment Division will attempt to provide supplemental data to help you interpret these basic indicators. We'll even supply our interpretation of them. However, in using the data, we challenge you to trust your own experience or intuition and to be skeptical in assimilating ours or any other interpretations. After all, economic variables affect people differently. What is bad for one person may be beneficial to another. If our interpretations seem incomplete or erroneous for your needs, please contact us and we'll try to supply information which may help you interpret the economic situation. One of the goals of government collection of economic data is to enable the citizenry to make better economic decisions; this is a goal worth striving for, and your input can help us become more efficient in providing the information you need.

That said, here are the rest of the June figures...

The 'rise' in the unemployment rate aside, Oregon's economy did not suffer from a June relapse. Even the unemployment figure, placed in a six-month perspective, was upbeat. For the first six months of 1987, the State's average unemployment rate was 6.2%, which compares favorably to the first six months of 1986 (8.7%) and 1985 (8.9%).

In addition, Oregon's unemployment rate compares favorably with the national rate (6.1%); June was the fifth consecutive month Oregon's unemployment rate was lower than the national rate.

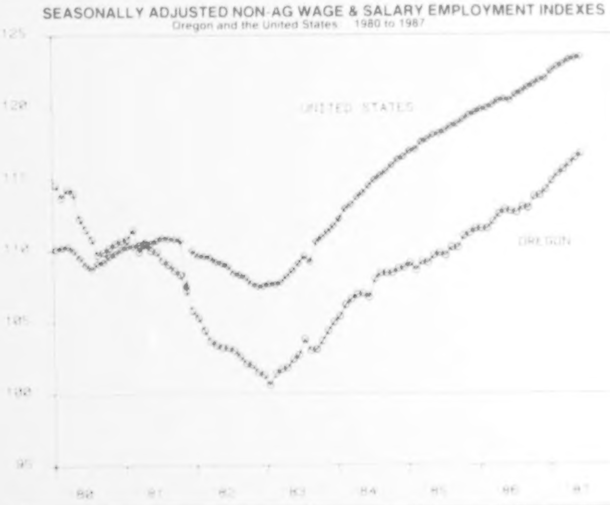
The number of employed Oregonians increased 27,400 from May. Nonagricultural wage and salary employment was up 15,400 from May, setting an all-time record of over 1.1 million.

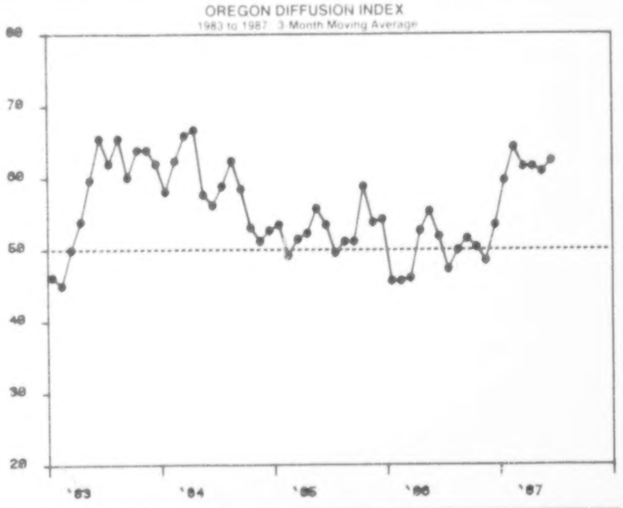
Some 29,100 Oregonians joined the labor force in June. The average influx for June (for the period 1982-86) was 26,400. Since employment rose by 27,400 and the number of unemployed workers rose by only 1,700, the vast majority of those entering the labor force, many of them students looking for summer jobs, were able to find employment. Thus Oregon's economy displayed an impressive ability to absorb increased numbers of workers.

The nonfarm employment index moved up to 116.7. The diffusion index also showed improvement; its showing of 62.4 holds promise that the economy will continue to expand.

Manufacturing employment grew by 6,200, which is about normal for this time of year. Nonmanufacturing industries added 9,200 jobs, about 2,700 above seasonal expectations.

Putting the numbers into a longer perspective, since the unemployment rate began to decline in August 1986, Oregon's economy has added 34,700 jobs in ten months. This includes more than 5,500 manufacturing jobs (4,400 in lumber and wood products alone) and


SEASONALLY ADJUSTED NON-AG WAGE & SALARY EMPLOYMENT INDEXES
Oregon and the United States 1980 to 1987


OREGON DIFFUSION INDEX
1983 to 1987 3 Month Moving Average

18,500 trade and services jobs (all figures seasonally adjusted).

Other highlights in June include 68,800 workers in lumber & wood products, the highest level since September 1984. Significant disruptions in the shipyards, including layoffs, dropped the shipbuilding & repairs industry to its lowest employment level since December 1984. Further cutbacks are possible. Surprisingly, food & kindred products posted a normal increase in employment during June. This occurred despite the berry growers' concern over and difficulty with obtaining sufficient workers.

Manufacturing overall enjoyed a solid month. Aside from transportation equipment, none of the manufacturing industries experienced a decline in employment for June.

In the nonmanufacturing sector, construction had a gain of 1,700, which is normal for this time of year. What is impressive is that construction had posted larger-than-normal gains in the previous two months, so the industry is revealing an encouraging robustness. Future gains appear possible as the recent federal highway bill has yet to affect the heavy construction industry. Transportation, communications, & utilities were stable in June. Only trucking & warehousing showed any movement with a gain of 300. Summer hiring helped boost the trade sector. The real estate industry continued to improve, adding 900 jobs in June. Since June 1986, the real estate sector has added 1,800 new workers.

Mirroring the national trend, the rate of growth in services slowed. From August 1986 (when the unemployment rate improvement started) to March 1987, services added roughly 1,200 more employees per month, than seasonally expected. In the last three months, the rate has been reduced to 900. Even with this slower rate of growth, record employment levels were set in June in the hotels & motels, business services, repair services, amusements, and health services sectors.

Services and government experienced the usual seasonal variance. Private education, which is included in services, had a drop of 2,800 in June. Further drops from the end of the school-year are likely in July. Government had declines in state and local education, but these were largely offset by seasonal hiring of forestry and parks personnel. Public education employment should plummet by 20,000 to 25,000 when July figures are released.

All in all, it was a month of good news for Oregon's employment situation. ☐

OREGON WORKFORCE 2000

Dave Allen and Jeff Hannum

People used to say that the only things that are certain in life are "death" and "taxes". Today, we can add a third element that is virtually certain....and that is change. Although change has occurred in many areas affecting our lives in the past, it seems that today the magnitude and rate of change is accelerating, especially in the economic and demographic arenas.

In today's environment of rapid change, it is essential that private industry, government officials, and the general public become aware of key trends likely to impact us in the future. The U.S. Department of Labor is currently engaged in a major effort to identify these significant issues and trends. In order to focus on structural changes most likely to impact the future of Oregon's economy and work force, Employment Division Research staff recently completed a special Oregon Workforce 2000 report. The following are some highlights and key trends discussed in this report:

Oregon's Economy - Dependence on National Trends

Despite important differences, Oregon's economy will continue to be highly dependent upon federal policies and national business cycles.

In the 1990s, the economies of both Oregon and the Nation will become increasingly dependent upon and linked to the global economy through international product and financial/currency markets, new technologies, and competitive pressures.

Increased foreign and domestic competition will continue to force employers to cut costs, adopt new technologies, and restructure/streamline their operations, causing dislocations in the work force.

Economic growth and decline will vary by region, resulting in population shifts both nationally and in Oregon. Those areas of the State that rely on a single industry or major employer will be most vulnerable to economic dislocations.

The production of basic commodities will still be very important in Oregon by the year 2000, but fewer workers will be needed to produce larger volumes of output.

Population - The Changing Human Resources Base

Oregon's total population and labor force, contrary to the national trend, will grow faster during the 1990s than during the 1980s.

The proportion of Oregon's population and work force which is non-white or minority will increase in the 1990s, but at a slower rate than nationally.

The average age of the population and labor force will increase in both Oregon and the Nation by the year 2000 as the "baby boom" generation reaches middle age.

A decline in the number of young adult workers may lead to labor skill shortages which will accelerate the introduction and use of new technologies.

CHANGE IN OREGON POPULATION PROFILE

1985 TO 2000

A large increase in the population of retired persons will expand the demand for health and recreation services.

Nearly two-thirds of the increase in Oregon's labor force through the year 2000 will be women.

A large increase in the number of middle-aged, experienced workers will mean opportunities for greater productivity gains, but less vertical mobility for younger workers.

Population immigration from other countries, and especially from other states, may modify these trends, but will not significantly alter them.

School dropout rates in Oregon are closely correlated with unemployment rates and job market opportunities. Although the overall unemployment rate may be lower, obtaining "good" jobs in the future will increasingly require education and skills training beyond high school.

Industry and Occupational Changes - Where Will The Jobs Be?

Between 1979 and 1986 Oregon suffered a long recession and a painful recovery. During the recession, both manufacturing and nonmanufacturing jobs were lost. During the recovery, mostly trade and service jobs were created.

Nearly 180,000 new jobs will be created between 1986 and 2000. Over 90% of the new jobs will be in nonmanufacturing, primarily in trade and service-related industries. One-fourth will be in retail trade.

Annual pay for trade and service sector jobs is approximately 73% of that in manufacturing (1985). About 30% of the new jobs in trade and service will likely be part-time. The trend is, therefore, toward an increasing number and proportion of lower paying part-time jobs.

Most of the new jobs that pay a higher than average wage and are not part-time, will require training beyond high school.

Considerable job growth will occur in professional/technical occupations, managers and officers (mostly in trade and services), and sales workers. Craft workers, operatives, and laborers, however, will either decline, or show very little actual growth, due to the increasing use of computerized production equipment and the restructuring of work. The demand for clerical workers will slow down as use of office automation becomes more widespread. The demand for service workers will remain high.

Since 1979, real earnings from employment have declined while income from capital investments and transfer payments have increased. The proportion of total personal income derived from capital investments and transfer payments will continue to increase in the future.

Work Life 2000 - What Is The Worker Likely To Face?

The reorganization of industry includes the development of new corporate structures. Reorganization often means the hollowing out of the corporation (only top managers "network" company business) and the leveling of corporate structure (less hierarchy). These changes typically result in the use of more temporary help and outside contractors.

More workgroup production teams and fewer mid-level managers mean that workers are given more responsibility.

Computerization of work is forcing the increasing use of technology by workers to increase productivity.

As firms turn the high tech corner, there will be a need for increased worker training. Approximately 50% of the cost of computerization is in training.

Pay incentive plans that reward knowledge, multiple job skills, and increased production will be common.

More smaller firms may mean increased job hopping, less job security, and fewer company-paid benefits.

More generalized job descriptions, along with flexible work rules, will increase the variety of job duties a worker will be expected to perform.

Flexible working arrangements including working at home, flex-time, and adjustments for child care, will mean major adjustments of work life.

In the face of growing competition, employers will face various options. Some may lower labor costs by cutting pay, using part-time workers, or contracting out work. Other employers will emphasize increasing productivity through human resource development and greater investment in worker education and training.

Copies of the Oregon Workforce 2000 report are available at no charge. The address appears below. ☐

NEW LMI PUBLICATIONS

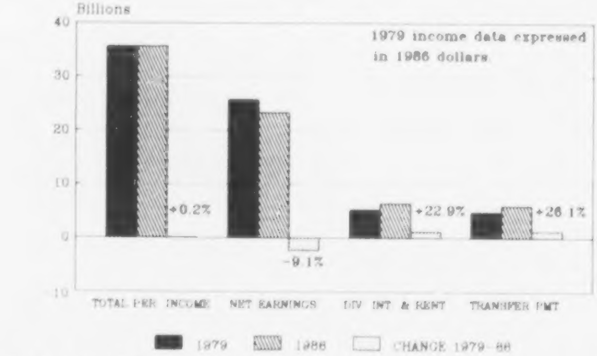
The 1986 Oregon Wage Information report is now available. Over 280 common occupations are listed including 1985 Employment, the sources of wage data for each occupation, and wages (low, average, high).

A special report Oregon Workforce 2000 has just been completed. This 11 page report identifies key issues and trends which are likely to impact Oregon's labor force in the next decade. The focus of this report is on structural changes that are most likely to affect the future of Oregon's economy and work force.

Both of these reports are available at no charge from:

Employment Division - R&S
875 Union Street NE
Salem, OR 97311
Ph: (503) 378-8657 ☐

OREGON PERSONAL INCOME
1979-1986



OREGON EMPLOYMENT DIVISION

RESIDENT OREGON LABOR FORCE

	JUN.[1] 1987	MAY[2] 1987	CHANGE	%CHANGE	JUN.[5] 1986
CIVILIAN LABOR FORCE[3]	1,379,300	1,350,200	29,100	2.2	1,374,300
UNEMPLOYMENT	75,800	74,100	1,700	2.3	109,100
PERCENT OF LABOR FORCE	5.5	5.5	XXX	XXX	7.9
SEASONALLY ADJUSTED PERCENT	5.8	5.5	XXX	XXX	8.4
TOTAL EMPLOYMENT[4]	1,303,500	1,276,100	27,400	2.1	1,265,200

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1986 and January 1987, data for 1987 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	JUN.[1] 1987	MAY[2] 1987	JUN. 1986	MAY 1987	JUN. 1986
TOTAL[3]	1,109,900	1,094,500	1,071,900	15,400	38,000
WAGE & SALARY EMPLOYMENT INDEX[4]	116.7	116.4	112.7	XXX	XXX
DIFFUSION INDEX[5]	62.4	60.9	51.9	XXX	XXX
TOTAL MANUFACTURING	203,200	197,000	200,600	6,200	2,600
DURABLE GOODS	147,600	145,100	145,600	2,500	2,000
LUMBER & WOOD PRODUCTS	68,800	66,300	65,900	2,500	2,900
LOGGING & SAWMILLS	35,400	33,600	34,100	1,800	1,300
VENEER & PLYWOOD	17,900	17,600	17,100	300	800
MILLWORK & STRUCTURAL WOOD	10,200	9,900	9,600	300	600
MOBILE HOMES	1,500	1,400	1,300	100	200
OTHER WOOD PRODUCTS	3,800	3,800	3,800	0	0
FURNITURE AND FIXTURES	2,500	2,400	2,700	100	-200
STONE, CLAY, GLASS & CONCRETE	3,400	3,400	3,300	0	100
PRIMARY METALS	9,200	9,000	8,500	200	700
BLAST FURNACES, IRON & STEEL	5,500	5,400	5,300	100	200
NONFERROUS METALS	3,700	3,600	3,200	100	500
FABRICATED METALS	10,700	10,500	10,700	200	0
FABRICATED STRUCTURAL METALS	4,800	4,700	4,900	100	-100
OTHER FABRICATED METALS	5,900	5,800	5,800	100	100
MACHINERY	14,900	14,900	14,800	0	100
ELECTRICAL EQUIPMENT & SUPPLIES	13,400	13,200	12,900	200	500
TRANSPORTATION EQUIPMENT	9,900	10,600	10,900	-700	-1,000
INSTRUMENTS & RELATED PRODUCTS	12,000	12,000	13,400	0	-1,400
MISCELLANEOUS MANUFACTURING	2,800	2,800	2,500	0	300
NONDURABLE GOODS	55,600	51,900	55,000	3,700	600
FOOD & KINDRED PRODUCTS	23,900	20,900	24,500	3,000	-600
CANNING & PRESERVING	13,300	10,500	14,000	2,800	-700
OTHER FOOD PRODUCTS	10,600	10,400	10,500	200	100
TEXTILE MILL PRODUCTS	1,500	1,500	1,400	0	100
APPAREL	2,300	2,300	2,300	0	0
PAPER & ALLIED PRODUCTS	9,100	8,700	9,100	400	0
PRINTING & PUBLISHING	12,000	12,000	11,600	0	400
CHEMICALS & ALLIED PRODUCTS	2,200	2,100	2,100	100	100
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	3,700	3,500	3,200	200	500
LEATHER PRODUCTS	500	500	400	0	100
TOTAL NONMANUFACTURING	906,700	897,500	871,300	9,200	35,400
MINING & QUARRYING	1,400	1,400	1,500	0	-100
CONSTRUCTION	36,800	35,100	36,300	1,700	500
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,600	57,300	56,900	300	700
TRANSPORTATION	36,600	36,300	35,800	300	800
RAILROAD	4,200	4,200	4,400	0	-200
TRUCKING & WAREHOUSING	21,300	21,000	20,300	300	1,000
OTHER TRANSPORTATION	11,100	11,100	11,100	0	0
COMMUNICATIONS	12,400	12,400	12,300	0	100
UTILITIES	8,600	8,600	8,800	0	-200
TRADE	279,600	274,900	271,500	4,700	8,100
WHOLESALE TRADE	68,500	68,000	68,000	500	500
DURABLE GOODS	40,600	40,200	40,100	400	500
NONDURABLE GOODS	27,900	27,800	27,900	100	0
RETAIL TRADE	211,100	206,900	203,500	4,200	7,600
GENERAL MERCHANDISE	26,400	25,500	25,500	900	900
FOOD STORES	34,800	34,100	32,300	700	2,500
AUTO DEALERS & SERVICE STATIONS	26,600	25,900	25,700	700	900
OTHER RETAIL TRADE	123,300	121,400	120,000	1,900	3,300
FINANCE, INSURANCE, & REAL ESTATE	73,800	72,700	69,800	1,100	4,000
BANKING & CREDIT AGENCIES	24,000	23,900	23,800	100	200
OTHER FINANCE, INSURANCE, & REAL ESTATE	49,800	48,800	46,000	1,000	3,800
SERVICES	245,500	245,400	231,000	100	14,500
HOTELS & PERSONAL SERVICES	27,400	26,800	26,400	600	1,000
HEALTH SERVICES	75,500	74,800	72,600	700	2,900
OTHER SERVICES	142,600	143,800	132,000	-1,200	10,600
GOVERNMENT	212,000	210,700	204,300	1,300	7,700
FEDERAL GOVERNMENT	30,400	29,400	29,500	1,000	900
STATE GOVERNMENT	58,600	58,100	55,200	500	3,400
EDUCATION	24,700	24,900	23,300	-200	1,400
OTHER STATE	33,900	33,200	31,900	700	2,000
LOCAL GOVERNMENT	123,000	123,200	119,600	-200	3,400
EDUCATION	77,400	78,900	75,800	-1,500	1,600
OTHER LOCAL	45,600	44,300	43,800	1,300	1,800
LABOR-MANAGEMENT DISPUTES	100	100	700	0	-600

1/ Preliminary
2/ Revised
3/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.
4/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).
5/ The Diffusion Index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

OREGON EMPLOYMENT & PAYROLLS - 1986 HIGHLIGHTS

Graham Slater

Employment and hours & earnings data presented in this publication are generally produced by Oregon's Current Employment Statistics program and are based upon a monthly sample of Oregon employers. However, several other sources of data do exist. One, commonly referred to as the "ES-202" program, compiles data from employers' quarterly Unemployment Insurance (UI) tax reports. As near as possible, this program can provide an accurate "head and payroll count" of all those working on payrolls covered by UI, approximately 98% of Oregon's payroll employees.

Due to the time lag involved in processing thousands of quarterly reports, preliminary data for the whole of 1986 is just now being released. Employment trends mirror those already well documented and published in Oregon Labor Trends. However, information relating to Oregonians' employment earnings is more completely available from the ES-202 program than from any other source. This UI-based data is available for all industries and includes all employees (in contrast to the monthly hours & earnings data which is not produced for some nonmanufacturing industries and which includes only production workers).

(Please note that the following data are preliminary and are subject to revision.)

The following brief analysis is intended to give the highlights of the data. For a more in-depth interpretation, call Errol Pederson or Ken Lux (both on (503) 378-8654) or order a copy of their publication Covered Employment & Payrolls, 1986.

TOTAL PAYROLL - Inflation-Adjusted Comparisons of 1986 and 1985:

- While employment grew by 2.9%, total payroll showed a 3.6% increase to 18.9 billion dollars.
- Total payrolls in both manufacturing and nonmanufacturing showed growth; 0.8% and 4.4% respectively.
- Lumber & wood products employment crept up 1.8%, but payrolls recorded a 1.2% decline.
- Food stores (+6.5%) and eating & drinking places (+8.1%) led trade payrolls toward a $3.7 billion level.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	May[2] 1987	Apr[3] 1987	May 1986	May[2] 1987	Apr[3] 1987	May 1986	May[2] 1987	Apr[3] 1987	May 1986
TOTAL MANUFACTURING[4]	$426.12	$414.62	$423.94	40.2	39.3	39.4	$10.60	$10.55	$10.76
Durable Goods	434.84	421.05	434.28	41.1	40.1	40.1	10.58	10.50	10.83
Lumber & Wood Products	444.56	429.71	448.51	41.9	40.5	40.7	10.61	10.61	11.02
Logging & Sawmills	472.34	458.06	483.52	41.8	40.5	40.7	11.30	11.31	11.88
Veneer & Plywood	442.55	421.65	438.61	42.8	40.7	41.3	10.34	10.36	10.62
Millwork & Structural	366.95	371.70	360.50	41.0	41.3	40.1	8.95	9.00	8.99
Mobile Homes	311.69	303.63	292.37	35.5	34.9	33.8	8.78	8.70	8.65
Other Wood Products	449.00	415.11	449.76	42.6	39.8	41.3	10.54	10.43	10.89
Furniture & Fixtures	299.49	266.70	320.10	33.5	29.6	38.8	8.94	9.01	8.25
Primary Metals	515.26	507.49	471.51	42.2	41.7	40.3	12.21	12.17	11.70
Fabricated Metals	394.36	370.89	407.42	40.2	39.0	40.1	9.81	9.51	10.16
Machinery (Ex Electrical)	442.26	431.43	428.28	40.5	39.4	39.4	10.92	10.95	10.87
Nondurable Goods	397.94	395.57	392.09	37.4	36.9	37.2	10.64	10.72	10.54
Food & Kindred Products	323.82	314.40	324.90	35.9	34.1	36.1	9.02	9.22	9.00
Canning & Preserving	260.94	251.52	256.62	33.8	32.0	33.9	7.72	7.86	7.57
Other Food Products	408.29	400.34	414.96	38.7	37.0	39.0	10.55	10.82	10.64
Textile Mill Products	235.06	255.08	226.26	35.4	38.3	35.8	6.64	6.66	6.32
Apparel	213.01	222.27	211.41	35.8	36.8	36.2	5.95	6.04	5.84
Paper & Allied Products	628.32	645.63	620.17	40.8	41.6	41.4	15.40	15.52	14.98
Printing & Publishing	428.72	412.14	398.46	36.8	36.7	35.2	11.65	11.23	11.32
Construction[4]	495.94	473.63	482.33	36.2	34.8	34.7	13.70	13.61	13.90
Communications & Utilities[5]	547.64	532.66	512.89	41.3	41.1	40.9	13.26	12.96	12.54
Trade[5]	289.84	290.36	282.57	34.3	34.0	33.8	8.45	8.54	8.36
Wholesale Trade	391.23	386.80	377.95	37.8	37.3	37.2	10.35	10.37	10.16
Retail Trade	242.31	245.05	236.99	32.7	32.5	32.2	7.41	7.54	7.36
Banking & Insurance	318.97	310.76	300.88						
State & Local Government	352.82	347.84	341.06						

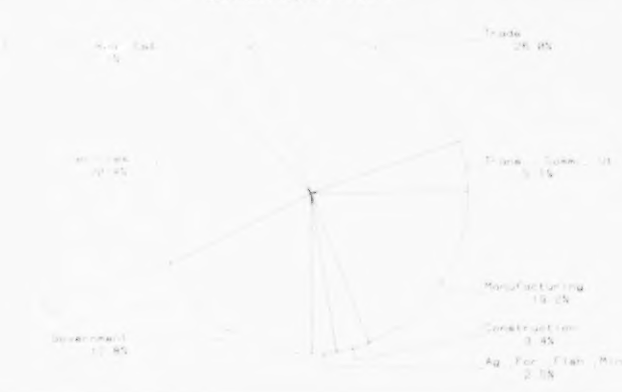
1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

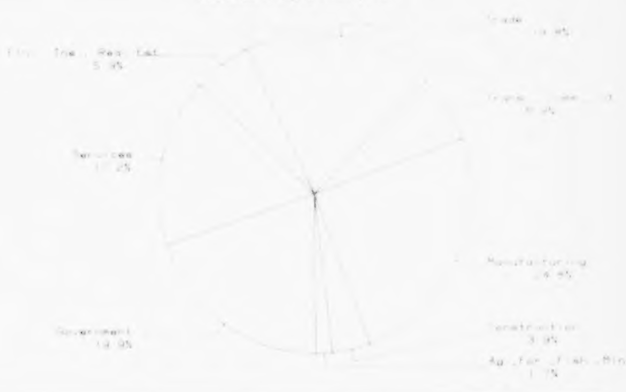
2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.


COVERED EMPLOYMENT BY INDUSTRY
1986 Annual Average (preliminary data)


COVERED PAYROLL BY INDUSTRY
1986 Annual Average (preliminary data)

- Finance, insurance & real estate (F.I.R.E.) turned in the best performance of any major industry group, increasing total payrolls by 8.6%. Without banking, which appeared to be the only area not to share in the progress, F.I.R.E. payolls grew by 10.8%.
- Strong employment growth inevitably led to substantial increases in payrolls in services - overall, a 6.8% jump.

AVERAGE WEEKLY WAGE (AWW) - Inflation-Adjusted Comparisons of 1986 and 1985:

- Averaged for all industries, AWW showed a 0.7% increase from $349.88 to $352.27 (in 1986 dollars).
- Several industries showing strong growth in total payrolls were less encouraging in AWW; construction (-1.0% in AWW), trade (-0.2%), and services (+0.3%) fall into this category.
- F.I.R.E. recorded strongest overall growth in weekly wage as it did in total payrolls - a 5.4% increase to $377.25.

AVERAGE WEEKLY WAGE (AWW) - Comparison Between Industries - 1986:

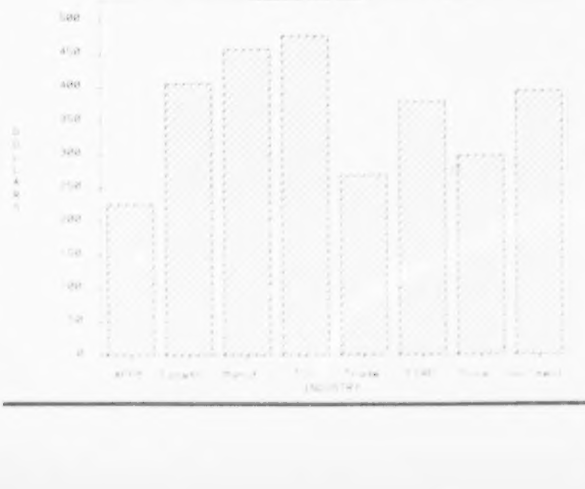
- Significant differences remain between manufacturing ($456.37) and nonmanufacturing ($331.22) earnings.
- In manufacturing, high-paying industries include paper & allied products ($677.19), instruments ($560.80), and primary metals ($552.72). At the other extreme, leather products ($267.93), apparel ($276.43) and textiles ($309.97) provided the lowest wages in manufacturing.
- Nonmanufacturing industries show even greater disparity, partly due to the effect of varying concentrations of part-time work. High spots include utilities ($616.83), communications ($520.49), federal government ($501.75) and heavy construction ($497.65). Lower paying industries appear to be eating and drinking places ($122.73), hotels & other lodging places ($150.45), and personal services ($186.73).

PROPORTION OF OREGON'S TOTAL PAYROLL:

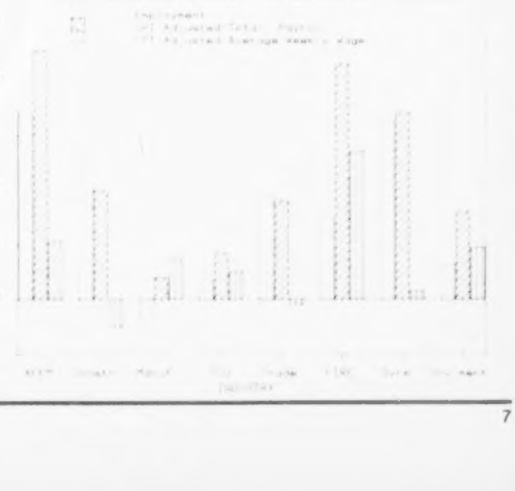
- While manufacturing maintained only a 19.2% share of employment, this sector contributes 24.8% of the State's payroll dollars.
- On the other hand, services (with a 20.4% employment share) accounted for just 17.2% of total payroll.
- Even so, based on overall employment trends, services' relative importance is growing (16.6% in 1985 to 17.2% in 1986) while manufacturing's is declining (25.5% to 24.8%).

The accompanying graphs should add to this newly available view of Oregon's employment during 1986. Most of the abbreviations are self-explanatory or have been defined in the above narrative. Two exceptions are "AFFM" which represents "Agriculture, Forestry, Fishing, Mining" and "TCU" ("Transportation, Communications, Utilities"). These data, with any necessary revisions (which should be minor) will be formally published early in September. ☐

AVERAGE WEEKLY WAGE BY INDUSTRY
Preliminary data for 1986



EMPLOYMENT DATA : OREGON COVERED PAYROLLS
Percent Change in Annual Averages : 1985-1986



CORRECTION

Last month's issue of Oregon Labor Trends contained an article entitled "Local LMI and The Labor Market Economist". Due to an error in the table listing the economists, a corrected table appears below. We apologize for any inconvenience to our readers. ☐

EMPLOYMENT DIVISION
Regional Economists

Name	Address	Area	Phone
John Anderson	P.O. Box 910 Medford, OR 97501	Coos, Curry, Jackson, Josephine	776-6068
Earl Fairbanks	P.O. Box 751 Salem, OR 97308	Benton, Linn, Marion, Polk, Yamhill	378-2324
Jeff Hannum	875 Union Street NE Salem, OR 97311	State of Oregon	378-2736
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Mike Mahan	P.O. Box 68 Klamath Falls, OR 97601	Crook, Deschutes, Jefferson, Klamath, Lake	883-5629
Ken Rocco	2510 Oakmont Eugene, OR 97401	Douglas, Lane, Lincoln	686-7703
Al Stoebig	P.O. Box 159 Portland, OR 97207	Clatsop, Columbia, Tillamook	229-5747
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OREGON LABOR TRENDS

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Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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OREGON LABOR TRENDS

AUGUST 1987

JULY INDICATORS

UNEMPLOYMENT RATE

Oregon		*(Seas. Adj)*
July	1987	6.0
June	1987	5.8
July	1986	8.5
U.S.		
July	1987	6.0
June	1987	6.1
July	1986	7.0

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	*1977=100*	
July	1987	117.6
June	1987	116.8
May	1987	116.4
Apr.	1987	116.0
Mar.	1987	115.6

DIFFUSION INDEX

Oregon		
July	1987	67.1
June	1987	64.7
May	1987	60.9
Apr.	1987	61.6
Mar.	1987	61.6

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
June	1987	$10.63
May	1987	$10.62
June	1986	$10.75

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland-Vancouver	
July 1987	321.6
Yearly change	1.6%
Annual Average 1986	316.8
Yearly change	1.4%
U.S.	
July 1987	340.8
Yearly change	3.9%
Annual Average 1986	328.4
Yearly change	1.9%

Portland Hotline 221-4132

GOING UP

Jason Yohannan

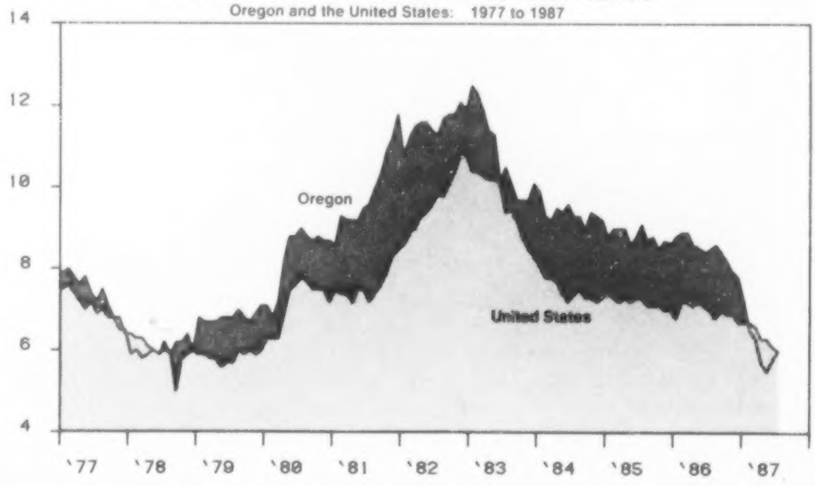
Seasonally adjusted unemployment in Oregon seems to have settled into the 6% range after many months of steady decline from the 8.5% annual average of 1986. At the same time, nonagricultural wage & salary employment has continued to chug along with moderate growth (in the neighborhood of 3.5% annually). Perhaps the most pleasant aspect of the past year's economic improvement is the virtual across-the-board expansion among Oregon's various industries. An in-depth look at the nonagricultural wage & salary employment index will attest to this fact, as will several charts included with this discussion.

Conceptually, we can think of the wage & salary index as simply measuring the level of wage & salary employment (often referred to as payroll employment) irrespective of normal seasonal influences. This allows comparison of any one month with any other, as long as both are indexed to the same base year. The base year currently in use is 1977, a somewhat "normal" year--occurring after the 1974-75 recession but before the topsy-turvy ups and downs of 1978-82.

The index is developed by seasonally adjusting current payroll employment, then indexing the result to (i.e., dividing it by) the 1977 annual average employment of 936,900. From a level of 100.0 in 1977, the index grew to a peak of 114.7 in November of 1979, reflecting the rapid growth of the late seventies. It then fell over the next three years, erasing the gains. In December of 1982, the index reached 100.6, the low point of the decade. Since then, it has slowly climbed back and recently exceeded the old peak, reaching an all-time high of 117.6 this July.

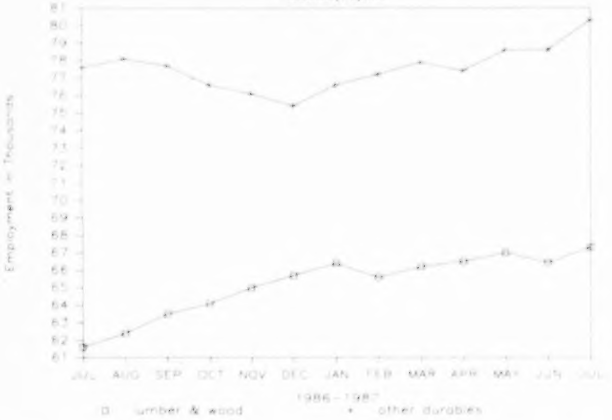
SEASONALLY ADJUSTED UNEMPLOYMENT RATES *

Oregon and the United States: 1977 to 1987



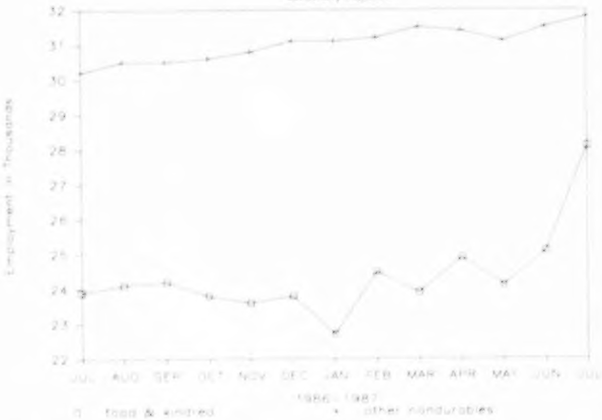
* Civilian labor force only

The Bureau of Labor Statistics no longer develops bimonthly CPI data for the Portland area. Beginning in 1987, the revised Portland-Vancouver index will be published on a semi-annual basis, i.e. in August covering the first half of each year and in February covering the second half of the year. For more information on these changes, we refer you to the article entitled "CPI REVISIONS: INTO THE FOREST" which appeared in the January 1987 issue of **OREGON LABOR TRENDS.



DURABLE GOODS MANUFACTURING

Seasonally Adjusted



NONDURABLE GOODS MANUFACTURING

Seasonally Adjusted

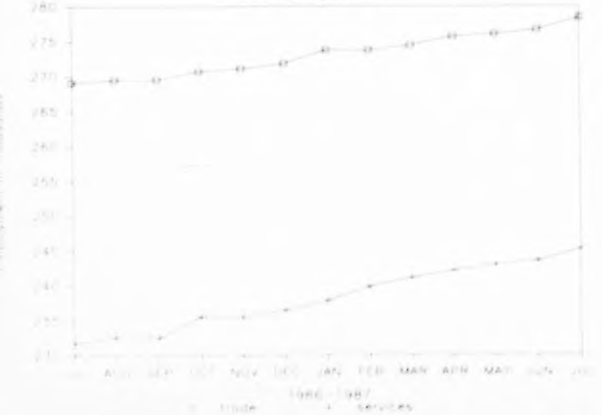
An intermediate step in the process of computing the wage & salary index includes the breakdown of payroll employment into its major industrial components. The advantage of doing so is to separate the various industries in order to more accurately define and identify their distinct seasonal patterns. Put another way, it is typically easier to find a job in Oregon during late summer than it is in mid-winter. In terms focuses on specific industries, however, there are better employment opportunities in trade during November-December (holiday hiring) and poorer government opportunities in July-August (education layoffs).

A side benefit of this separation is the ability to analyze employment trends on a seasonally adjusted basis for the index's component industries. The accompanying table and graphs exhibit this information.

In the first first graph, both lumber & wood producers and the remaining durable goods manufacturers show improvement during the preceding twelve months. Stimulated by the rebounding housing market and increased demand for wood products from overseas customers, Oregon's lumber producers have achieved record high production levels. Although productivity has been greatly enhanced--fewer employees required per unit of output--the employment trend is still upward. In other durables, the end of 1986 brought most of the recent cutbacks in the high technology sector to a close. While high tech finally settled down in early 1987, other industries, notably primary metals, fabricated metals, and portions of transportation equipment, continued an upward climb that was previously masked by the high tech layoffs. Now the direction for other durables is up.

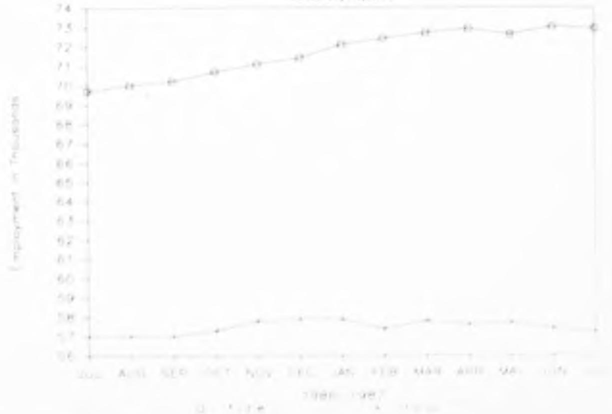
In nondurable goods, July 1987 brought unprecedented employment levels to fruit and vegetable processors, thanks to an annual cycle pushed forward a few weeks by warm weather and early crop harvests, mostly in the Willamette Valley. Although food products employment in July was exceptionally high, there is still a slight, but detectable, upward tilt in the overall food products employment trend over the past year. Gradual improvement is also evident in other nondurable goods manufacturing industries. Credit for this belongs mostly to printing & publishing and rubber & plastic products. Commercial printers have hired help to meet new business needs, while plastic producers enjoy new markets for their products--in many cases replacing paper containers or metal objects.

On the nonmanufacturing side, the growth of trade and services has been



TRADE & SERVICES

Seasonally Adjusted



SELECTED NONMANUFACTURING INDUSTRIES

Seasonally Adjusted

OREGON SEASONALLY ADJUSTED EMPLOYMENT

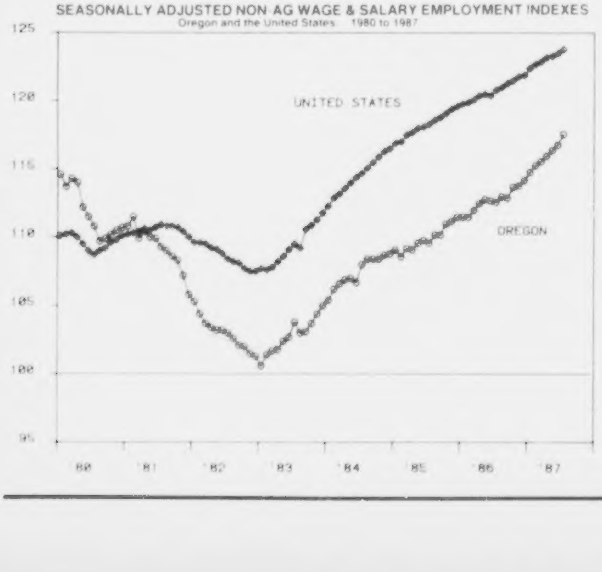
INDUSTRY	JUL. 1986	AUG. 1986	SEP. 1986	OCT. 1986	NOV. 1986	DEC. 1986	JAN. 1987	FEB. 1987	MAR. 1987	APR. 1987	MAY 1987	JUN. 1987	JUL. 1987
TOTAL WAGE & SALARY	1054.8	1058.7	1057.4	1065.3	1066.1	1069.8	1075.6	1079.8	1083.1	1086.7	1090.8	1094.4	1101.9
EMPLOYMENT INDEX (1977 = 100)	112.6	113.0	112.9	113.7	113.8	114.2	114.8	115.3	115.6	116.0	116.4	116.8	117.6
MANUFACTURING	193.3	195.1	195.9	195.1	195.5	196.0	196.8	198.5	199.5	200.2	200.8	201.6	207.5
LUMBER & WOOD PRODUCTS	61.6	62.4	63.5	64.1	65.0	65.7	66.4	65.6	66.2	66.5	67.0	66.4	67.3
OTHER DURABLES	77.6	78.1	77.7	76.6	76.1	75.4	76.6	77.2	77.9	77.4	78.6	78.6	80.3
FOOD & KINDRED PRODUCTS	23.9	24.1	24.2	23.8	23.6	23.8	22.7	24.5	23.9	24.9	24.1	25.1	28.1
OTHER NONDURABLES	30.2	30.5	30.5	30.6	30.8	31.1	31.1	31.2	31.5	31.4	31.1	31.5	31.8
NONMANUFACTURING	861.5	863.6	861.5	870.2	870.6	873.8	878.8	881.3	883.6	886.5	890.0	892.8	894.4
MINING	1.3	1.3	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3
CONSTRUCTION	33.8	33.7	33.6	33.0	32.8	32.5	32.8	33.2	32.4	34.4	35.4	35.4	35.4
TRANS., COMM., UTIL.	57.0	57.0	57.0	57.3	57.8	57.9	57.9	57.4	57.8	57.6	57.7	57.4	57.2
TRADE	269.1	[illegible]	269.5	270.7	271.1	271.8	273.8	273.7	274.4	275.7	276.0	276.6	278.4
FINANCE, INS., & REAL ESTATE	69.7	70.0	70.2	70.7	71.1	71.4	72.1	72.4	72.7	72.9	72.6	73.0	72.9
SERVICES	231.8	232.6	232.5	235.5	235.4	236.4	237.8	239.8	241.1	242.1	243.0	243.5	245.2
GOVERNMENT	198.8	199.5	197.3	201.6	201.1	202.4	203.0	203.4	203.8	202.5	204.0	205.6	204.0
UNEMPLOYMENT RATE (seas. adj.)	8.5	8.6	8.4	8.2	7.9	7.8	7.2	6.5	6.3	5.7	5.5	5.8	6.0

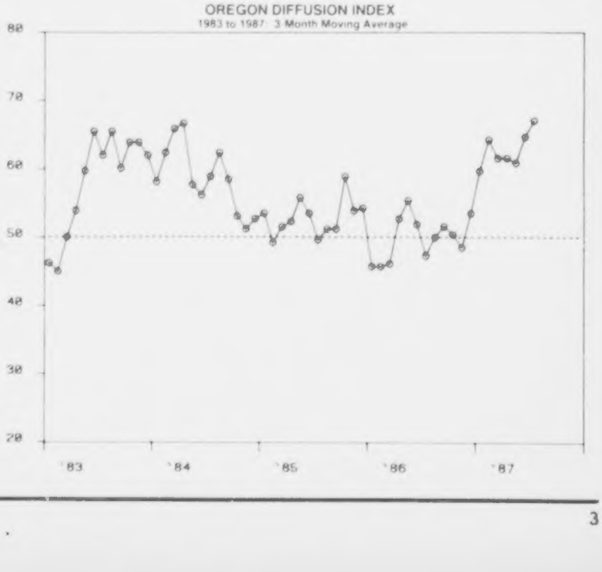
well documented in previous issues of this publication, so there isn't much need to restate these explanations. Suffice it to say that their graphs certainly fit the expected pattern. Smaller gains have also been made by finance, insurance, & real estate, government, and construction, with real estate the best among them.

The two industries apparently not sharing in the nearly across-the-board expansion are mining & quarrying and transportation, communications, & utilities. By the same token, during the past year, neither has seen significant decreases either. Traditional concepts of employment in the mining industry -- oil or coal extraction, mining of gold or silver ore, etc. -- do exist in Oregon, but the bulk of employment here lies in the quarrying of stone, sand, and gravel. Mining employment has been reasonably stable for the past couple of years. It is possible that a couple of pending projects could bring some improvement to this industry.

In transportation, communications, and utilities, the long-term decline of railroad employment has held down transportation numbers as trucking and other shipping modes have kept industry competition stiff. Communications employers continue to keep expenses (and, therefore, employment) as low as possible in the face of competition for the advertising dollar and the deregulated environment. Utilities did not see as much income as usual last year because of reduced demand for gas and electric heat during our mild winter.

A couple of months ago, a new record for wage & salary employment in Oregon was set, passing the previous high set in September 1979. The new record included a large shift in employment over that 7-8 year period from goods-producing to service-producing jobs, and much has been made of the implications of this shift. Even given the experience of the 1979-87 shift, the improvement in Oregon's wage & salary employment situation since the unemployment rate started its downward trend one year ago has involved just about every sector of the Oregon economy. □





RESIDENT OREGON LABOR FORCE

	JUL.[1] 1987	JUN.[2] 1987	CHANGE	%CHANGE	JUL.[5] 1986
CIVILIAN LABOR FORCE[3]	1,360,100	1,381,300	-21,200	-1.5	1,353,400
UNEMPLOYMENT	76,900	75,800	1,100	1.5	108,800
PERCENT OF LABOR FORCE	5.7	5.5	XXX	XXX	8.0
SEASONALLY ADJUSTED PERCENT	6.0	5.8	XXX	XXX	8.5
TOTAL EMPLOYMENT[4]	1,283,200	1,305,500	-22,300	-1.7	1,244,600

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1986 and January 1987, data for 1987 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

				CHANGE FROM	
INDUSTRY	JUL.[1] 1987	JUN.[2] 1987	JUL. 1986	JUN. 1987	JUL. 1986
TOTAL[3]	1,098,400	1,111,000	1,051,100	-12,600	47,300
WAGE & SALARY EMPLOYMENT INDEX[4]	117.6	116.8	112.6	XXX	XXX
DIFFUSION INDEX[5]	67.1	64.7	47.3	XXX	XXX
TOTAL MANUFACTURING	212,700	204,100	198,200	8,600	14,500
DURABLE GOODS	150,100	147,400	141,700	2,700	8,400
LUMBER & WOOD PRODUCTS	69,900	68,400	64,100	1,500	5,800
LOGGING & SAWMILLS	36,200	35,100	32,000	1,100	4,200
VENEER & PLYWOOD	17,800	17,800	17,000	0	800
MILLWORK & STRUCTURAL WOOD	10,400	10,200	9,900	200	500
MOBILE HOMES	1,600	1,500	1,400	100	200
OTHER WOOD PRODUCTS	3,900	3,800	3,800	100	100
FURNITURE AND FIXTURES	2,500	2,500	2,600	0	-100
STONE, CLAY, GLASS & CONCRETE	3,500	3,400	3,500	100	0
PRIMARY METALS	9,300	9,200	8,500	100	800
BLAST FURNACES, IRON & STEEL	5,600	5,500	5,300	100	300
NONFERROUS METALS	3,700	3,700	3,200	0	500
FABRICATED METALS	10,900	10,700	10,500	200	400
FABRICATED STRUCTURAL METALS	4,900	4,800	4,600	100	300
OTHER FABRICATED METALS	6,000	5,900	5,900	100	100
MACHINERY	15,100	15,100	14,900	0	200
ELECTRICAL EQUIPMENT & SUPPLIES	13,400	13,300	13,000	100	400
TRANSPORTATION EQUIPMENT	10,600	9,900	9,000	700	1,600
INSTRUMENTS & RELATED PRODUCTS	12,000	12,000	13,100	0	-1,100
MISCELLANEOUS MANUFACTURING	2,900	2,900	2,500	0	400
NONDURABLE GOODS	62,600	56,700	56,500	5,900	6,100
FOOD & KINDRED PRODUCTS	30,400	25,000	25,900	5,400	4,500
CANNING & PRESERVING	19,700	14,400	15,100	5,300	4,600
OTHER FOOD PRODUCTS	10,700	10,600	10,800	100	-100
TEXTILE MILL PRODUCTS	1,700	1,600	1,400	100	300
APPAREL	2,300	2,300	2,100	0	200
PAPER & ALLIED PRODUCTS	9,200	9,000	9,200	200	0
PRINTING & PUBLISHING	12,200	12,000	11,600	200	600
CHEMICALS & ALLIED PRODUCTS	2,100	2,200	2,100	-100	0
PETROLEUM REFINING	500	400	400	100	100
RUBBER & PLASTIC PRODUCTS	3,700	3,700	3,300	0	400
LEATHER PRODUCTS	500	500	500	0	0
TOTAL NONMANUFACTURING	885,700	906,900	852,900	-21,200	32,800
MINING & QUARRYING	1,500	1,400	1,500	100	0
CONSTRUCTION	38,600	36,900	36,800	1,700	1,800
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,600	57,600	57,300	0	300
TRANSPORTATION	36,400	36,500	35,600	-100	800
RAILROAD	4,100	4,100	4,400	0	-300
TRUCKING & WAREHOUSING	21,500	21,400	20,700	100	800
OTHER TRANSPORTATION	10,800	11,000	10,500	-200	300
COMMUNICATIONS	12,500	12,400	12,900	100	-400
UTILITIES	8,700	8,700	8,800	0	-100
TRADE	280,600	279,400	271,500	1,200	9,100
WHOLESALE TRADE	69,300	68,500	68,800	800	500
DURABLE GOODS	41,100	40,600	40,500	500	600
NONDURABLE GOODS	28,200	27,900	28,300	300	-100
RETAIL TRADE	211,300	210,900	202,700	400	8,600
GENERAL MERCHANDISE	26,500	26,100	25,600	400	900
FOOD STORES	35,300	34,700	32,900	600	2,400
AUTO DEALERS & SERVICE STATIONS	26,400	26,300	25,700	100	700
OTHER RETAIL TRADE	123,100	123,800	118,500	-700	4,600
FINANCE, INSURANCE, & REAL ESTATE	74,300	73,800	71,000	500	3,300
BANKING & CREDIT AGENCIES	23,900	24,000	24,000	-100	-100
OTHER FINANCE, INSURANCE, & REAL ESTATE	50,400	49,800	47,000	600	3,400
SERVICES	246,200	245,200	232,700	1,000	13,500
HOTELS & PERSONAL SERVICES	28,300	27,900	26,900	400	1,400
HEALTH SERVICES	75,900	75,400	73,600	500	2,300
OTHER SERVICES	142,000	141,900	132,200	100	9,800
GOVERNMENT	186,900	212,600	182,100	-25,700	4,800
FEDERAL GOVERNMENT	30,900	30,400	29,800	500	1,100
STATE GOVERNMENT	55,000	59,500	51,600	-4,500	3,400
EDUCATION	19,900	24,900	19,200	-5,000	700
OTHER STATE	35,100	34,600	32,400	500	2,700
LOCAL GOVERNMENT	101,000	122,700	100,700	-21,700	300
EDUCATION	55,100	77,100	55,800	-22,000	-700
OTHER LOCAL	45,900	45,600	44,900	300	1,000
LABOR-MANAGEMENT DISPUTES	100	100	3,200	0	-3,100

1/ Preliminary

2/ Revised

3/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.

4/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).

5/ The Diffusion Index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

HOURS & EARNINGS

David Cooke

In the manufacturing sector, hours and earnings estimates are divided into two broad categories: durable goods and nondurable goods. Historically, the two groups have been separated for analysis because they react differently to economic cycles. Durable goods products, whose replacement times are generally greater than three years, will experience fluctuating demand over time. Nondurable goods products, which must be continually purchased, generally experience more stable demand from year to year.

The estimation of hours and earnings data through the Current Employment Statistics program was started in 1950. Since that time, the average hourly earnings of production workers in durable goods has been greater than those in nondurable goods. These annual averages, shown in the accompanying graph, are not adjusted for inflation. The rise from $2 per hour in 1950 to $10 per hour in 1981, therefore, is mostly due to inflation.

The long-term graph strikingly shows how nondurable goods workers have consistently been paid less per hour than their durable goods worker counterparts. In 1986 and 1987, however, a convergence has occurred. The 1987 figures of $10.44 an hour for nondurable goods and $10.57 for durable goods have been estimated based on the first six months of this year.

The other graph, hourly earnings on a monthly basis, shows how nondurable goods average hourly earnings actually exceeded durable goods for the first time late last year. The expected seasonal drop in the second half of the year for average hourly earnings in nondurable goods should bring the annual average below that of durable goods. The fact that nondurable hourly earnings were greater than durable earnings for the first time, however, is an indication of how Oregon's economy is changing.

Why has this change occurred, and what does it mean? Three industries are identified as primarily responsible for the changes in hourly earnings: paper & allied products and printing & publishing in nondurables, and lumber & wood products in durables. From June 1985

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Jun[2] 1987	May[3] 1987	Jun 1986	Jun[2] 1987	May[3] 1987	Jun 1986	Jun[2] 1987	May[3] 1987	Jun 1986
TOTAL MANUFACTURING[4]	$419.89	$427.99	$419.25	39.5	40.3	39.0	$10.63	$10.62	$10.75
Durable Goods	427.20	436.72	432.73	40.0	41.2	39.7	10.68	10.60	10.90
Lumber & Wood Products	432.95	446.46	442.89	40.2	42.0	39.9	10.77	10.63	11.10
Logging & Sawmills	464.36	472.88	487.22	40.1	41.7	40.4	11.58	11.34	12.06
Veneer & Plywood	417.91	444.02	411.84	40.3	42.9	39.0	10.37	10.35	10.56
Millwork & Structural	369.15	378.06	361.49	40.7	42.1	39.9	9.07	8.98	9.06
Mobile Homes	318.69	311.69	326.99	37.1	35.5	37.2	8.59	8.78	8.79
Other Wood Products	427.18	448.38	418.04	40.8	42.5	39.7	10.47	10.55	10.53
Furniture & Fixtures	359.04	300.82	309.67	37.4	33.8	39.1	9.60	8.90	7.92
Primary Metals	503.46	508.25	478.36	41.2	41.9	40.3	12.22	12.13	11.87
Fabricated Metals	390.43	397.58	418.59	39.2	40.2	40.6	9.96	9.89	10.31
Machinery (Ex Electrical)	450.66	441.45	449.25	40.6	40.5	40.4	11.10	10.90	11.12
Nondurable Goods	399.29	400.13	382.13	38.1	37.5	37.1	10.48	10.67	10.30
Food & Kindred Products	326.86	325.08	315.22	37.7	36.0	36.4	8.67	9.03	8.66
Canning & Preserving	279.73	261.27	256.13	37.1	33.8	34.8	7.54	7.73	7.36
Other Food Products	408.95	410.78	421.01	38.8	38.9	39.2	10.54	10.56	10.74
Textile Mill Products	237.05	235.06	220.40	35.7	35.4	34.6	6.64	6.64	6.37
Apparel	224.96	213.84	220.60	38.0	36.0	37.2	5.92	5.94	5.93
Paper & Allied Products	627.27	634.48	609.03	40.6	41.2	40.2	15.45	15.40	15.15
Printing & Publishing	426.07	426.45	405.86	35.3	36.7	35.2	12.07	11.62	11.53
Construction[4]	486.63	495.06	488.60	36.1	35.9	36.3	13.48	13.79	13.46
Communications & Utilities[5]	538.55	549.79	512.89	41.3	41.4	40.9	13.04	13.28	12.54
Trade[5]	290.19	293.60	294.60	34.1	34.5	34.7	8.51	8.51	8.49
Wholesale Trade	392.46	399.57	401.36	37.2	38.2	37.9	10.55	10.46	10.59
Retail Trade	242.22	242.96	244.02	32.6	32.7	33.2	7.43	7.43	7.35
Banking & Insurance	313.03	319.53	309.88						
State & Local Government	355.42	355.29	342.60						

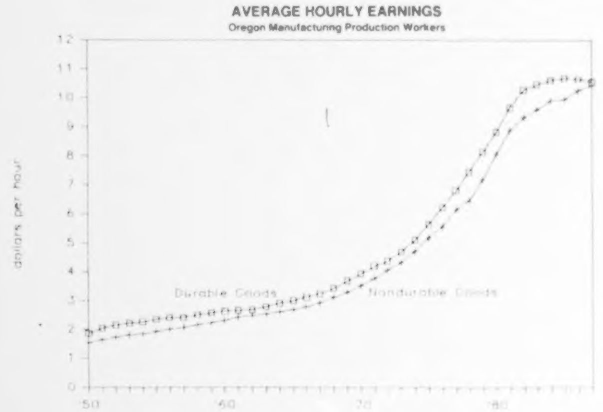
1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

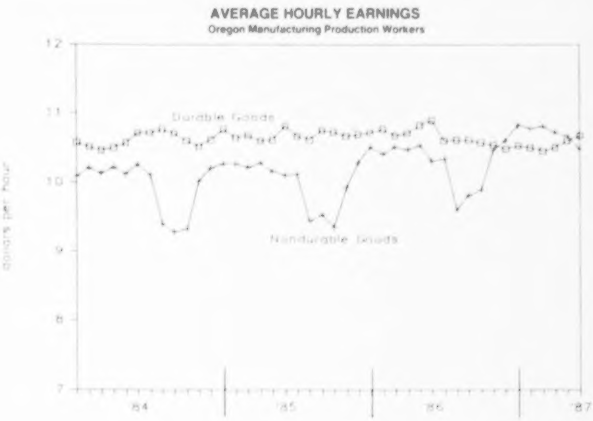
2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.





to June 1987, paper & allied products increased $1.08 per hour, and printing & publishing increased $1.00. But in durable goods, lumber & wood products showed an average *drop* of $.47 an hour. The years before and after the recession show a clear divergence in the pay scales of these industries. Between 1978 and 1986, lumber & wood products average hourly earnings have increased by less than $3, while paper & allied products has grown by nearly $8.

The recent decline in average hourly earnings in wood products was the result of wage cuts in lumber, veneer, and plywood mills which hit especially hard in the summer of 1986. These cuts were caused by factors which have been widely discussed elsewhere; decreased demand for lumber & wood products during the recession of the early eighties, increased foreign and domestic competition, and decreased labor demand due to automation. The increases in wages in paper & allied products, on the other hand, can be attributed to other reasons. The demand for paper comes mainly from business uses and consumer packaging, and is much more stable over long-term business cycles than the demand for building materials. The paper industry in Oregon is highly unionized. The workers in paper & allied products also work a substantial amount of overtime, which results in higher average hourly earnings.

Oregon's economy is changing. No longer can the typical manufacturing worker be thought of as a highly paid millworker. These hours and earnings data are a small indication of an evolving economy, in which many factors must be assimilated to develop an accurate picture of present working conditions. □

WOMEN WORKERS IN OREGON INDUSTRY

Graham Slater

Over the past few decades, several trends with important long-term implications have affected employment and unemployment in Oregon (and across the Nation). Examples include the employment shift from manufacturing to nonmanufacturing industries, increasing use of computerized equipment promoting record high levels of productivity, a push toward part-time employment in many growing industries, and a steady increase in the number of women seeking employment outside the home. This last trend provides the subject matter for this article.

In 1950, 33.9% of the United States' working age women were part of the labor force. Of these, 5.7% were unemployed while the 17 million women with jobs made up just 29% of total employment across the Nation. A steady, consistent trend then began changing the picture as the female labor force participation rate grew to 37.7% in 1960, 43.3% in 1970, and roughly 55% by the mid-eighties. According to a recent Bureau of the Census publication, "Women in the American Economy", women made up nearly 45% of employees across the United States in 1985.

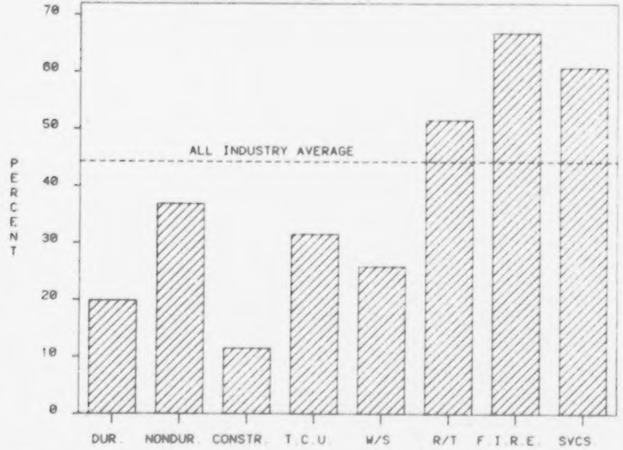
This almost equal representation of the sexes in the workplace has many consequences economically, sociologically, and politically. However, equal representation in terms of total employment levels, does not imply similar equality across all industries. Women are frequently found in low-paying jobs, while men dominate high-paying manufacturing and upper level executive employment opportunities. The best source of current data on women in the workplace is the Employment Division's monthly survey of around 7,000 Oregon employers. Although the "women worker" data is rarely published at the state level, it does provide an interesting insight into structural differences within the Oregon economy.

The following statistics and analysis do not include data on government employment. Information available from the survey is not sufficiently reliable to be used. Nationally, women make up just over half (50.4%) of government employment, and there is no reason to suspect that this level is far from the Oregon norm.

In June, private nonfarm wage and salary employment in Oregon was running at 897,800. Of these, 397,600 (44.3%) were women. The first graph shows this level (as the "all industry average") and demonstrates that the "traditional" manufacturing and construction industries have low proportions of women workers while growing sectors such as retail trade and services have high percentages. (The abbreviated industry titles on the graphs represent durable manufacturing; nondurable manufacturing; construction & mining; transportation, communications

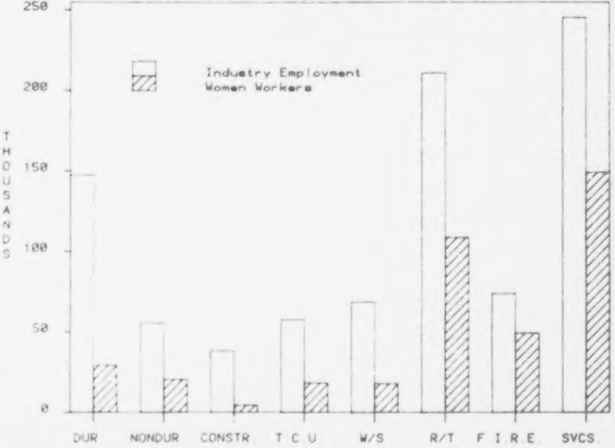
MAJOR INDUSTRY EMPLOYMENT: PERCENT FEMALE

Oregon, June 1987



WOMEN WORKERS IN MAJOR INDUSTRY EMPLOYMENT

Oregon, June 1987



& utilities; wholesale trade; retail trade; finance, insurance & real estate; and services, respectively.)

One quarter of Oregon's manufacturing employees are women. Among major manufacturing industries, primary metals recorded the lowest representation (9.8%) while instruments and related products (part of the high-tech group of industries) is made up of 42.5% women. A large discrepancy is evident between the manufacture of durable goods (19.9% female employees) and nondurables (36.9%). The former includes lumber and wood products, primary metals, and transportation equipment, while industries such as food products and printing & publishing make up the latter.

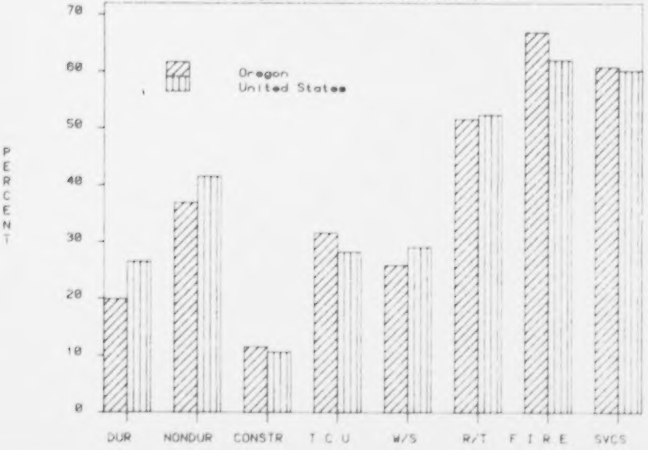
In nonmanufacturing, women hold a very slight lead in employment, with 50.1% of the jobs in June. Again, broad variation exists between industries (11.7% in construction to 66.9% in finance, insurance & real estate) and even within industries (18.9% in repairs, but 82.9% in health - both part of the services industry).

The second graph concentrates less on the proportional representation of women in each industry, but more on the number of women. While finance, insurance & real estate led all industries in the first graph, it lags behind services and retail trade in the number of women workers. Construction is confirmed as the last bastion of male domination both in terms of proportional and actual representation with only 4,300 women employees.

Analysis of graph three shows that there are some differences between Oregon and the U.S. in terms of the likelihood of finding women in any particular industry. Two reasons may be considered. The first relates to the different composition of Oregon's overall employment compared to that of the U.S. For example, the male-dominated lumber & wood products industry is far more important to Oregon's durables sector (with almost half the employment) than it is to durable goods employment across the Nation (less than one-tenth of the workers). So it is natural that wood products has a much higher impact on the ratio of women workers in Oregon's durable goods manufacturing than it does nationwide. The second reason may well be more sinister and more important to analyze and remove - that is a long-held belief that women simply "do not belong" in certain occupations. Again using lumber & wood as an example, it is notable that 15.7% of U.S. lumber workers are women, with a comparable level of only 12.1% in Oregon. Might it be that Oregonians are adapting more slowly than

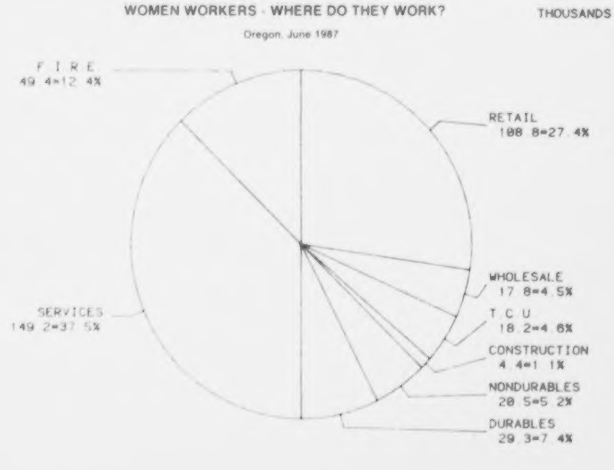
MAJOR INDUSTRY EMPLOYMENT: PERCENT FEMALE

Oregon (June 1987) & United States (1986 A.A)



WOMEN WORKERS - WHERE DO THEY WORK?

Oregon, June 1987



some other areas of the country to the changing role of women in the workplace?

The final graph demonstrates much of the same data from a different viewpoint. Of all the women working in Oregon, where do most of them work? More than half (258,000) work in retail trade or services, two industries with a tendency toward low pay and part-time work. A rough estimate of 100,000 (based on the national average) find their place in government employment, while close to 50,000 can be found in finance, insurance, and real estate. A different perspective of the graph shows that only about one in ten women workers will be involved in some type of "goods-producing" (i.e. manufacturing, construction, or mining) endeavor. All others are in "service-producing" jobs.

All these data actually lead to more questions than answers. Are women in an excellent position because they dominate employment in the growing industries? Are they in a poor position having such low representation in high-paying manufacturing or construction establishments? To what extent is part-time employment also dominated by women workers? Will the labor force participation rate of women continue to grow, or will a saturation point (or at least a slowing point) be reached?

Perhaps future articles will continue this theme of inquiry. The results of the 1990 Census will offer a tremendous insight into the issue. One thing is certain. Understanding and planning for the role of women in the workplace must be among the prime considerations of economic, sociological, and political planners across this nation. Otherwise, misunderstanding, misuse, and workplace friction are the inevitable consequences. ☐

EMPLOYERS' CORNER - INVESTING IN OREGON'S FUTURE

Dorothy Monnier

Rapid economic and social changes have dramatically changed our work force and our parenting practices. The supply of accessible, affordable, good child care has not remotely kept up with the change in the workforce. This is creating a quiet crisis for employers nationwide. The effects of this major family crisis results in increased employer-employee stress, turnover and employee absenteeism.

In the last ten years the structure of Oregon's workforce has changed dramatically.

- Sixty percent of two-parent families have both parents employed, and their average buying power is less than a single-earner family twenty years ago.
- Approximately half of mothers with children under age six are employed. The fastest growing group in the workforce is mothers with children under age one.
- Nearly two-thirds of mothers of grade-school children are employed.
- Two-thirds of employed women are single, widowed, divorced, or have husbands who earn less than $15,000 per year.
- Two-thirds of entrants to the workforce in the next fifteen years will be women. Eighty percent of these women will be of child-bearing age, and up to ninety percent of this group will become pregnant at some point.
- Fifty percent of children born today will live in a single parent family at some time before they reach age eighteen. Most single parents are employed. However, one child in three with a mother as household head lives in poverty, whether or not the parent is employed.
- Day care for one preschool child costs about $2,000 per year--one third of the gross income of a minimum wage worker.
- Tax-supported public assistance to a non-working mother with one preschooler is about $6,000 per year, similar to a full-time minimum wage job. Forty-five percent of unemployed single mothers would work if child care were available at reasonable cost.

The availability of affordable, quality child care has not kept pace with the need for this service for today's employed families. A survey cited in American Demographics last year indicated that working parents cost three percent more than other employees in decreased productivity.

You need to be aware of this problem. . . There is new legislation that will assist Oregon employers who are willing to aid employees with child care. The legislation provides a tax credit worth fifty percent of any money spent directly or indirectly on support services for child care. This includes providing or contracting for day care facilities, referral services, payment subsidies, and other parent support services. If you have questions relating to this issue, call Dawn Marges, Coordinator, Community Priorities Child Care, Telephone (503) 399-5271. ☐

OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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DEPARTMENT OF HUMAN RESOURCES
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OREGON LABOR TRENDS

SEPTEMBER 1987

AUGUST INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj)
Aug.	1987	6.1
July	1987	6.0
Aug.	1986	8.6
U.S.		
Aug.	1987	6.0
July	1987	6.0
Aug.	1986	6.8

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977 = 100	
Aug.	1987	117.6
July	1987	117.7
June	1987	116.8
May	1987	116.4
April	1987	116.0

DIFFUSION INDEX

Oregon		
Aug.	1987	63.2
July	1987	64.7
June	1987	64.7
May	1987	60.9
Apr.	1987	61.6

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
July	1987	$10.39
June	1987	$10.53
July	1986	$10.53

CONSUMER PRICE INDEX (CPI)

1967 = 100
ALL URBAN CONSUMERS

Portland-Vancouver	
July 1987	321.6
Yearly change	1.6%
Annual Average 1986	316.8
Yearly change	1.4%
U.S.	
Aug. 1987	342.7
Yearly change	4.3%
Annual Average 1986	328.4
Yearly change	1.9%

Portland Hotline 221-4132

OREGON'S ECONOMY STILL STRONG

Tom Lancefield

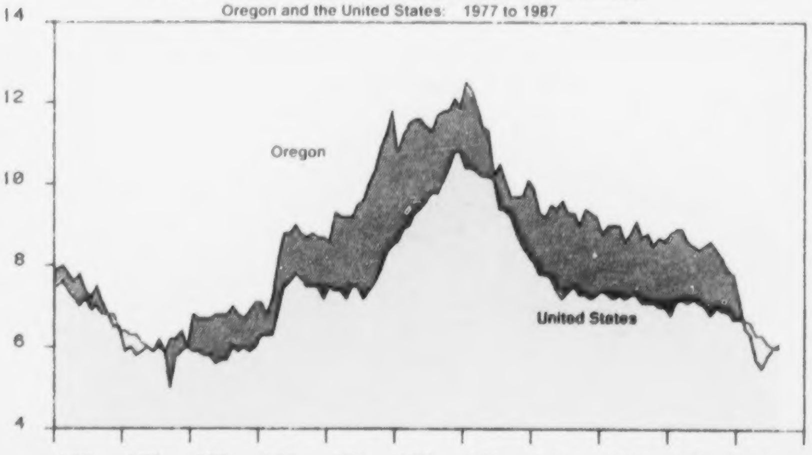
Oregon's economic performance in August mirrored the continuing strength of the national economy, as all employment-related economic indicators held nearly constant in the state. Seasonally adjusted unemployment registered 6.1% in Oregon, up 0.1 from July. Total employment edged closer to the record level established in June. The Oregon diffusion index dropped slightly from July but was still above 60.0 for the seventh straight month. The nonfarm employment index also dropped slightly (-0.1) from July's record level.

Total manufacturing employment rose by 1,200 jobs in August. This gain was lower than usual mainly because normal seasonal hiring in preserved fruits and vegetables was moved ahead to July by warm weather earlier this year. Lumber and wood products registered a loss of 200 jobs in August, but employment is up 3,700 from a year ago when approximately 1,700 wood products workers were on strike. Electrical equipment and supplies continued to show strength with a seasonally adjusted gain of 300; this sector has averaged 100 new jobs every month in 1987, reversing some of last year's losses in high-tech employment.

Printing and publishing, Oregon's fifth largest manufacturing industry, added 300 jobs. Employment in this industry reached a record 12,500 in August. Strong demand for preparation of Christmas catalogues and annual reports is leading to increases in hiring and overtime.

August's largest employment gains occurred in trade, where 4,300 new jobs were reported. This gain exceeded seasonal expectations by 2,300. Wholesale groceries and related products was particularly strong in August, up a seasonally adjusted 400 jobs. Retail general merchandise and food stores have both been consistently ahead of seasonal norms throughout this year.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES *
Oregon and the United States: 1977 to 1987



* Civilian labor force only

Business services accounted for most of the increase in services for the month. The seasonally adjusted gain of 500 puts business services employment at 46,400. Temporary help services also showed strong increases as demand rose for clerical, industrial, and heavy labor.

Real estate registered a seasonally adjusted loss of 200 jobs, possibly reflecting effects of recent interest rate hikes. Insurance industry employment surpassed the 14,000 level for the first time with a 300 seasonally adjusted increase.

Upticks in home mortgage and other interest rates in recent months have apparently not affected activity in lumber and wood products. New orders at western Oregon and Washington sawmills are holding steady at high levels, and prices are strong. According to Random Lengths Market Reporting Service in Eugene, this year's 11% decline in housing starts nationally has not reduced demand for lumber as much as expected. One reason is that repairs and remodeling consumed 28% of U.S. softwood lumber in 1986, compared to only 19% in 1978. Also, the median size of new single-family houses has increased 9% since 1982, requiring more lumber per dwelling, and starts in that portion of the housing market declined only 2% from last year. The median size multi-family unit has declined 6.5% in area since 1982, and starts in the first half of this year fell 27% from 1986 in this sector.

Residential and other construction have fared better in Oregon than in the Nation this year. The value of all residential permits issued during the first seven months of 1987 is 15% higher than last year's level. The number of multi-family housing units, however, is down about 8%, while single-family units are up 9%. The value of building permits for all types of construction in Oregon from January through July was $831 million in 1987 versus $780 million in 1986. Permit valuation for July only was $108 million in 1987, down from $122 million in 1986.

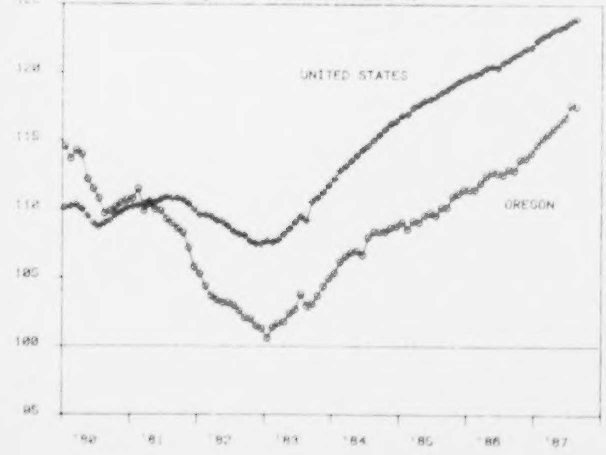
While total lumber demand and production will set new record highs this year, Oregon sawmills are producing more lumber with fewer workers than in the early 1980s. In 1986 it took only 2.8 workers to produce a million board feet (mbf) of lumber, compared to 4.5 workers in the early 1980s, according to the Western Wood Products Association. Some of the productivity gain was achieved by workers putting in more overtime in 1986. More efficient mill operations and newer equipment have also boosted efficiency. Lumber production in Oregon and Washington through the first half of 1987 has run about 13% higher than last year's record pace, according to Random Lengths.

Employment in the veneer and plywood industry is running 2,000 higher than a year ago. About 1,100 of this gain, however, is due to workers on strike last year. The American Plywood Association projects near-record production of structural panels in 1987, and production in western states was running at 85% of total capacity in mid-August. Exports of structural panels are still a minor component of total production: 7,826 million square feet of panels were produced in Oregon in 1986, but only 177.9 msf (2.3%) were exported through the Columbia-Snake Customs District last year, up from 133 msf in 1985. About 90% of Oregon's panel exports in 1986 were shipped to Western Europe.

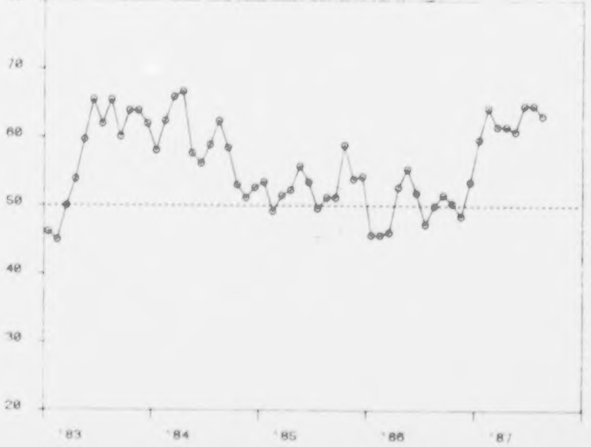
Shipments of softwood logs from Oregon to all countries peaked in 1985 (1,125 mbf), then slipped 7.5% in 1986 to 1,041 mbf, the second highest level in over 13 years. Japan is the major buyer of Oregon logs, having bought 824 mbf, or 79% of our log exports, last year. For comparison, 8,149 mbf of lumber was produced in Oregon last year (another record), of which 404 mbf was exported. About 43% of these exports went to Japan. Exports of both logs and lumber to Japan are expected to rise as a result of the continuing devaluation of the dollar against the yen.

Meanwhile, nonmanufacturing employment will continue to strenghten in importance in Oregon's economy. Having only recently emerged from prolonged recession, most Oregonians are probably hoping that the current moderate-growth, low-inflation economic climate can be maintained well into the future. □

SEASONALLY ADJUSTED NON-AG WAGE & SALARY EMPLOYMENT INDEXES
Oregon and the United States 1980 to 1987



OREGON DIFFUSION INDEX
1983 to 1987: 3-Month Moving Average



DIVERSIFICATION: NECESSARY CURE?

David Surdam

A key plank in Oregon's "comeback" is diversification. The dominance of the lumber & wood products industry in Oregon's economy is viewed by some as being an undesirable economic condition. This article will briefly consider whether dependence upon one industry is inherently undesirable from an economic standpoint.

Oregon's economy is an amplification of national trends. The State's booms are greater than the national upswings, and the recessions are more severe than the national downswings.

In a recent study, Richard T. Lindholm concluded that this amplification was the result of Oregon's reliance upon the durable goods sector, and especially the lumber & wood products industry.

Durable goods are both leading and strongly responsive to cyclical changes in the economy. If people anticipate or experience a reduction in the near future in their personal income, they normally postpone or reduce purchases of durable goods (i.e. cars, houses, major appliances). In this way they can maintain a more stable level of consumption of nondurable necessities (such as food, clothing, heating, etc.). Durable goods act as a buffer, absorbing the effects of reduced personal income.

"This theory argues that the current economic mix in Oregon has not put us into trouble, but rather that (the recent) cyclic downturn will be matched by a cyclical boom."

The corollary to this is when personal incomes and the economy begin to grow, durable goods account for much of the increased spending. Nondurable goods continue to remain relatively stable.

Thus this theory argues that Oregon's experience during the 1980s need not portend a long-term economic decline, regardless of whether the State "diversifies". As Lindholm concludes, "This theory argues that the current economic mix in Oregon has not put us into trouble, but rather that [the recent] cyclic downturn will be matched by a cyclical boom." (Lindholm, **Oregon Issues '87**, page 8)

Two caveats should be noted:

1) If a recession persists, even nondurable goods consumption will fall, and we would predict a moderate narrowing of unemployment rates between durable and nondurable goods sectors in general.
2) The relative productivity of the durable goods industry in Oregon must not deteriorate much compared to its competitors.

Certainly the recent upswing in employment (and its attendant decline in unemployment) lends credence to the idea that Oregon's economy is not in a perpetual state of decline -- lumber & wood products employment responded reasonably well to the improved economic conditions, and wood products production has reached new heights.

However, the caveat regarding productivity (which we will mean to include supply conditions that affect output productivity) is worth keeping in mind. If Oregon's lumber & wood products industry has declined in relative productivity vis-a-vis Canadian or southern United States manufacturers, the amplification of the boom may be muted.

The evidence regarding Oregon's relative productivity is not conclusive. Productivity per worker often increases during a recession as a preponderance of younger, inexperienced workers are the first to be released from their jobs. Oregon appeared to follow the national trend during the recession, but the key question relates to its long-term productivity based on whether its durable goods sector has relatively modern and efficient machinery; a well-trained labor force; and access to competitively-priced raw materials (e.g. availability of timber supply). The long-term relative productivity of the State is difficult to discern.

Using 1987 figures, though, it appears that the Lindholm conclusion is valid: dependence upon lumber and wood products is not a one-way ticket to an economic Palookaville. Thus, we may eliminate the "necessity" aspect of diversification.

Diversification has been touted as Oregon's economic saviour. Of course, when lumber and wood products and Oregon's economy in general are bustling, support for diversification wanes. We enjoy the booms provided by the dependence upon the durable goods sectors and bemoan the *inevitable* doldrums.

Diversification can be beneficial, however, in "smoothing" Oregon's business cycles. Most people prefer stability to wild fluctuations, and if this is the public's preference, then diversification may be a worthwhile endeavor.

1) However, diversification, if it smoothes the cycle, may mean sacrificing the big boom periods. But few people complain about the big booms!
2) Diversification will not insure us against downturns, it may only mitigate the severity of such downturns. As noted earlier, even nondurable goods industries eventually respond to reduced personal expenditures.
3) Diversification into declining industries may prove detrimental. Obviously, everyone wants to attract rising industries and "recession-proof" industries. Determining which industries will rise, be recession proof, and provide plenty of high-paying positions is difficult.

For instance, the "average" annual pay for all employees in the electronics industries is higher than in other durable goods industries, but their production workers are often paid less per hour than other durable goods production workers. The apparent contradiction is explained by the relatively high proportion of well-paid non-production workers in the electronics industries (e.g. professional-technical staff in research and development jobs). Also, since these industries produce durable goods, they have not proven immune to volatility.

Diversification will not insure us against downturns, it may only mitigate the severity of such downturns.

I conclude by reiterating Lindholm's remark that Oregon's economy is not in perpetual decline because of its dependence upon lumber & wood products. It is likely that the State will experience a strong but relatively volatile economy without further diversification. The real choice is not between inevitable and perpetual decline versus rejuvenation, but rather whether Oregon wishes to "smooth" its business cycles versus continuing its boom/bust roller coaster ride. ☐

RESIDENT OREGON LABOR FORCE

	AUG.[1] 1987	JUL.[2] 1987	CHANGE	%CHANGE	AUG.[5] 1986
CIVILIAN LABOR FORCE[3]	1,366,000	1,362,600	3,400	0.25	1,364,900
UNEMPLOYMENT	73,400	76,900	-3,500	-4.55	104,500
PERCENT OF LABOR FORCE	5.4	5.6	XXX	XXX	7.7
SEASONALLY ADJUSTED PERCENT	6.1	6.0	XXX	XXX	8.6
TOTAL EMPLOYMENT[4]	1,292,600	1,285,700	6,900	0.54	1,260,400

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1986 and January 1987, data for 1987 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	AUG.[1] 1987	JUL.[2] 1987	AUG. 1986	CHANGE FROM JUL. 1987	CHANGE FROM AUG. 1986
TOTAL[3]	1,106,200	1,098,700	1,063,100	7,500	43,100
WAGE & SALARY EMPLOYMENT INDEX[4]	117.6	117.7	113.0	XXX	XXX
DIFFUSION INDEX[5]	63.2	64.7	50.0	XXX	XXX
TOTAL MANUFACTURING	212,300	211,100	205,600	1,200	6,700
DURABLE GOODS	150,000	149,300	144,000	700	6,000
LUMBER & WOOD PRODUCTS	69,000	69,200	65,300	-200	3,700
LOGGING & SAWMILLS	35,700	35,700	34,400	0	1,300
VENEER & PLYWOOD	17,700	17,800	15,700	-100	2,000
MILLWORK & STRUCTURAL WOOD	10,100	10,200	10,000	-100	100
MOBILE HOMES	1,600	1,600	1,400	0	200
OTHER WOOD PRODUCTS	3,900	3,900	3,800	0	100
FURNITURE AND FIXTURES	2,500	2,400	2,700	100	-200
STONE, CLAY, GLASS & CONCRETE	3,500	3,500	3,600	0	-100
PRIMARY METALS	9,400	9,300	8,600	100	800
BLAST FURNACES, IRON & STEEL	5,600	5,600	5,400	0	200
NONFERROUS METALS	3,800	3,700	3,200	100	600
FABRICATED METALS	10,900	10,800	10,600	100	300
FABRICATED STRUCTURAL METALS	4,900	4,800	4,600	100	300
OTHER FABRICATED METALS	6,000	6,000	6,000	0	0
MACHINERY	15,100	15,100	14,700	0	400
ELECTRICAL EQUIPMENT & SUPPLIES	13,700	13,400	13,100	300	600
TRANSPORTATION EQUIPMENT	10,800	10,500	10,200	300	600
INSTRUMENTS & RELATED PRODUCTS	12,000	12,000	12,500	0	-500
MISCELLANEOUS MANUFACTURING	3,100	3,100	2,700	0	400
NONDURABLE GOODS	62,300	61,800	61,600	500	700
FOOD & KINDRED PRODUCTS	29,800	29,700	30,700	100	-900
CANNING & PRESERVING	19,100	19,000	19,900	100	-800
OTHER FOOD PRODUCTS	10,700	10,700	10,800	0	-100
TEXTILE MILL PRODUCTS	1,700	1,700	1,500	0	200
APPAREL	2,200	2,300	2,200	-100	0
PAPER & ALLIED PRODUCTS	9,200	9,100	9,100	100	100
PRINTING & PUBLISHING	12,500	12,200	11,700	300	800
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,200	0	-100
PETROLEUM REFINING	500	500	400	0	100
RUBBER & PLASTIC PRODUCTS	3,800	3,700	3,400	100	400
LEATHER PRODUCTS	500	500	400	0	100
TOTAL NONMANUFACTURING	893,900	887,600	857,500	6,300	36,400
MINING & QUARRYING	1,500	1,500	1,500	0	0
CONSTRUCTION	40,100	38,700	37,800	1,400	2,300
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	57,900	57,900	57,200	0	700
TRANSPORTATION	36,600	36,500	35,700	100	900
RAILROAD	4,200	4,200	4,400	0	-200
TRUCKING & WAREHOUSING	21,800	21,600	20,800	200	1,000
OTHER TRANSPORTATION	10,600	10,700	10,500	-100	100
COMMUNICATIONS	12,600	12,700	12,800	-100	-200
UTILITIES	8,700	8,700	8,700	0	0
TRADE	285,100	280,800	273,500	4,300	11,600
WHOLESALE TRADE	71,200	69,500	69,000	1,700	2,200
DURABLE GOODS	41,400	41,100	40,200	300	1,200
NONDURABLE GOODS	29,800	28,400	28,800	1,400	1,000
RETAIL TRADE	213,900	211,300	204,500	2,600	9,400
GENERAL MERCHANDISE	27,000	26,600	25,600	400	1,400
FOOD STORES	35,700	35,300	32,900	400	2,800
AUTO DEALERS & SERVICE STATIONS	26,500	26,400	25,700	100	800
OTHER RETAIL TRADE	124,700	123,000	120,300	1,700	4,400
FINANCE, INSURANCE, & REAL ESTATE	74,600	74,400	71,500	200	3,100
BANKING & CREDIT AGENCIES	23,900	24,000	24,100	-100	-200
OTHER FINANCE, INSURANCE, & REAL ESTATE	50,700	50,400	47,400	300	3,300
SERVICES	247,000	246,100	233,500	900	13,500
HOTELS & PERSONAL SERVICES	28,500	28,200	27,100	300	1,400
HEALTH SERVICES	75,900	75,700	73,900	200	2,000
OTHER SERVICES	142,600	142,200	132,500	400	10,100
GOVERNMENT	187,700	188,200	182,500	-500	5,200
FEDERAL GOVERNMENT	31,100	30,800	31,100	300	0
STATE GOVERNMENT	54,600	55,100	51,400	-500	3,200
EDUCATION	19,100	19,900	18,500	-800	600
OTHER STATE	35,500	35,200	32,900	300	2,600
LOCAL GOVERNMENT	102,000	102,300	100,000	-300	2,000
EDUCATION	55,500	56,100	55,300	-600	200
OTHER LOCAL	46,500	46,200	44,700	300	1,800
LABOR - MANAGEMENT DISPUTES	0	100	2,000	-100	-2,000

1/ Preliminary

2/ Revised

3/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.

4/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).

5/ The Diffusion Index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

DISTRIBUTION OF INCOME IN OREGON

Michael F. Murphy

(Editor's Note: Mr. Murphy is an Economist with the State of Oregon Housing Agency.)

In recent issues of the Oregon Labor Trends, several articles have discussed changes in the sources and types of income in Oregon. Some important trends have been noted. Manufacturing, for example, has become a less important source of employment. As manufacturing jobs decline, they are offset by jobs in nonmanufacturing, particularly in the service and trade sectors. Since jobs in the service and trade sectors tend to be lower paying than manufacturing jobs, workers moving from manufacturing to nonmanufacturing jobs often experience a drop in wage income. According to the Bureau of Economic Analysis (BEA), there has been a drop in overall real wage income in Oregon between 1979 and 1986 which has been offset by an increase in income from dividends, interest, rent and transfer payments. As wages decline for some workers, and the sources of income change, has there been any change in the overall distribution of income for Oregonians? The analysis of data recently assembled suggests that there has been a change in the distribution of income.

While BEA produces data on total personal income by source, it does not disaggregate the data by income category; hence it is not possible to obtain the distribution of income from BEA data. Another source of income data is the Current Population Survey (CPS) which the Employment Division uses to estimate labor force, employment, and unemployment. Unfortunately, the CPS sample size for Oregon makes it very difficult to utilize these income figures. An alternative source of data is tax returns. The Oregon Department of Revenue recently prepared information on income by detailed income group for the Oregon Revenue Forecast for calendar years 1981 through 1985. The figures also list income by three types: wage income, income from capital gains, and other income.

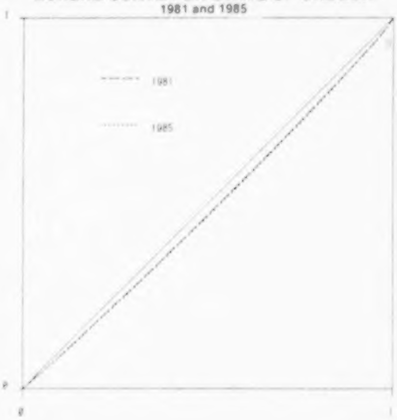
The accompanying table shows the income summarized by income categories for 1981 and 1985. The information is presented in terms of income per taxpayer, and percentage distributions. The 1981 figures have been adjusted for changes in inflation using the Personal Consumption Expenditure Deflater at the national level.

Consistent with BEA data, wages as a percentage of total income dropped during this period, while income from both capital gains and all other income has increased in real terms. The income categories shown in the table indicate a small change in the percentage distribution by income category, although the percentage of those with taxable income above $60,000 increased from about 3.9% in 1981 to about 4.2% in 1985. One interesting fact to emerge is the change in the importance of wage income for the lower income groups. For taxpayers with a positive income below $20,000, wage income comprised over 75% of income in 1981 but only 72% in 1985. In contrast, wage income as a percent of total income went from 50% to 52% for those with incomes above $60,000.

A tool often used to measure the distribution of income is the Lorenz Curve. This approach is useful because the numbers produced are independent of any particular price level, so there is no need to use a price index to adjust income data. This curve relates the cumulative proportion of income recipients (here taxpayers) to the cumulative proportion of income recieved when the income recipients are arranged in order of their income.

The accompanying graph shows the Lorenz Curves for total income from the tax data for the years 1981 and 1985. The straight line diagonal between the bottom left-hand corner and the top right-hand corner is sometimes called the Equalitarian Line, because a society with a completely equal distribution of income would have a Lorenz Curve along this line. At the other extreme the Lorenz Curve would go along the bottom of the box to the far right-hand corner. This would be a society where one member of that society held all the income.

LORENZ CURVE FOR STATE OF OREGON
1981 and 1985



This graph shows that while the two curves are very close together, the curve for 1985 lies outside and to the right of the curve for 1981. This suggests that income distribution for Oregon became somewhat less equal during the first part of this decade. While there may have been an increase in inequality, the data suggest that the increase in income inequality has not been large.

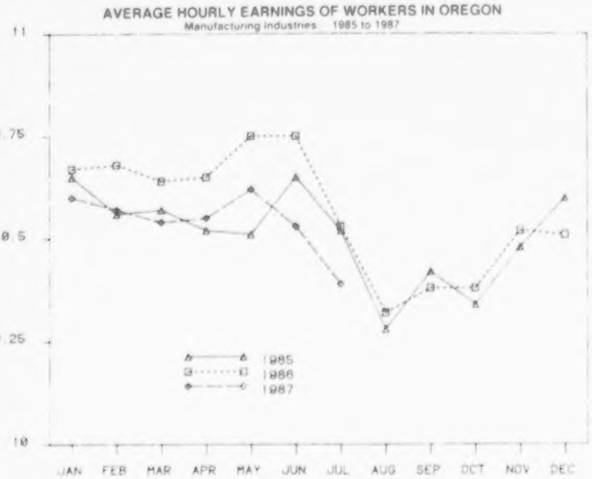
There are several limitations to the data. Non-taxable income, particularly social security income, is not included in the data. Also, it is not known how many taxpayers did not file returns. Some earners with very low incomes are not required to file tax returns. Some income is not reported, particularly if that income had been obtained illegally from the "underground economy". Notwithstanding these limitations, it appears that there has been a slight shift to a less equal distribution of income during this decade in Oregon. ☐

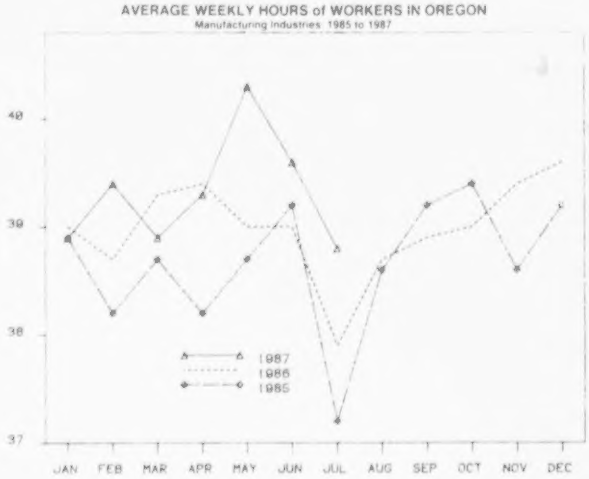
TAX INFORMATION FOR OREGON, 1981 AND 1985

	1981 INCOME TAX DATA (In 1985 Dollars)						1985 INCOME TAX DATA					
	Income Per Taxpayer						Income Per Taxpayer					
Income Categories	Wage Income	Capital Gains	Other Income	Total Income	Number & % of Taxpayers		Wage Income	Capital Gains	Other Income	Total Income	Number & % of Taxpayers	
LESS THAN $0	4,287	1,597	-31,034	-25,151	10,382	1.01	4,489	1,470	-36,954	-30,995	11,349	1.12
$0 TO $10,000	3,768	17	1,171	4,956	327,798	31.80	3,616	10	1,455	5,080	323,064	31.88
$10,000 TO $20,000	11,280	83	3,379	14,742	246,771	23.94	10,634	84	3,987	14,705	240,458	23.73
$20,000 TO $30,000	20,392	[illegible]	4,208	24,754	182,009	17.66	19,788	152	4,855	24,795	179,332	17.69
$30,000 TO $40,000	28,945	264	5,420	34,629	122,391	11.87	28,660	254	5,653	34,566	119,185	11.76
$40,000 TO $50,000	36,577	454	7,432	44,463	69,175	6.71	36,458	466	7,536	44,459	65,632	6.48
$50,000 TO $60,000	41,892	910	11,542	54,345	32,305	3.13	43,042	830	10,486	54,357	32,347	3.19
$60,000 TO $70,000	44,068	1,722	18,582	64,372	14,554	1.41	46,452	1,585	16,341	64,378	15,368	1.52
$70,000 TO $80,000	44,883	2,876	26,739	74,498	7,498	0.73	48,555	2,603	23,358	74,515	7,864	0.78
$80,000 TO $90,000	44,023	3,940	36,608	84,571	4,531	0.44	50,943	3,768	29,950	84,661	4,769	0.47
$90,000 TO $100,000	47,419	5,133	42,175	94,727	2,981	0.29	52,598	5,191	36,845	94,633	3,135	0.31
$100,000 AND OVER	66,718	22,450	91,078	180,246	10,301	1.00	76,424	28,047	100,159	204,630	10,968	1.08
TOTAL INCOME	16,695	461	4,766	21,921	1,030,696	100.00	16,643	535	5,110	22,288	1,013,471	100.00

Source: Oregon Department of Revenue Oregon Housing Agency

HOURS & EARNINGS


AVERAGE HOURLY EARNINGS OF WORKERS IN OREGON
Manufacturing Industries 1985 to 1987


AVERAGE WEEKLY HOURS of WORKERS IN OREGON
Manufacturing Industries 1985 to 1987

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	July[2] 1987	June[3] 1987	July 1986	July[2] 1987	June[3] 1987	July 1986	July[2] 1987	June[3] 1987	July 1986
TOTAL MANUFACTURING[4]	$403.13	$416.99	$399.09	38.8	39.6	37.9	$10.39	$10.53	$10.53
Durable Goods	417.12	427.43	408.10	39.5	40.4	38.5	10.56	10.58	10.60
Lumber & Wood Products	408.58	432.80	409.12	38.4	40.6	38.2	10.64	10.66	10.71
Logging & Sawmills	432.44	463.49	445.83	38.0	40.8	38.6	11.38	11.36	11.55
Veneer & Plywood	391.23	420.39	383.39	37.8	40.5	36.9	10.35	10.38	10.39
Millwork & Structural	375.42	368.74	345.93	41.3	40.7	39.0	9.09	9.06	8.87
Mobile Homes	298.65	318.69	321.53	36.2	37.1	37.0	8.25	8.59	8.69
Other Wood Products	400.90	426.13	412.16	38.4	40.7	38.7	10.44	10.47	10.65
Furniture & Fixtures	349.50	365.36	321.79	37.3	37.9	39.1	9.37	9.64	8.23
Primary Metals	509.35	502.80	451.27	42.2	41.9	37.7	12.07	12.00	11.97
Fabricated Metals	379.60	385.73	393.22	39.5	39.2	39.8	9.61	9.84	9.88
Machinery (Ex Electrical)	436.79	445.91	419.00	39.6	40.5	38.3	11.03	11.01	10.94
Nondurable Goods	371.88	390.95	375.34	37.3	37.7	36.3	9.97	10.37	10.34
Food & Kindred Products	288.08	316.46	301.46	36.1	37.1	35.3	7.98	8.53	8.54
Canning & Preserving	244.97	267.53	250.29	35.4	36.3	34.1	6.92	7.37	7.34
Other Food Products	402.04	409.16	401.88	38.0	38.6	37.7	10.58	10.60	10.66
Textile Mill Products	211.22	236.74	218.35	34.4	35.6	33.8	6.14	6.65	6.46
Apparel	222.74	224.37	164.16	37.0	37.9	28.5	6.02	5.92	5.76
Paper & Allied Products	658.03	628.49	623.21	41.7	40.6	40.6	15.78	15.48	15.35
Printing & Publishing	419.84	424.66	403.39	36.1	35.3	35.2	11.63	12.03	11.46
Construction[4]	490.51	487.08	483.16	36.2	36.0	35.5	13.55	13.53	13.61
Communications & Utilities[5]	519.90	542.11	499.75	39.9	41.1	40.4	13.03	13.19	12.37
Trade[5]	290.87	290.19	293.06	34.1	34.1	34.6	8.53	8.51	8.47
Wholesale Trade	387.59	392.40	393.52	36.6	37.3	37.3	10.59	10.52	10.55
Retail Trade	245.11	242.87	244.09	32.9	32.6	33.3	7.45	7.45	7.33
Banking & Insurance	306.55	310.92	301.20						
State & Local Government	386.92	354.65	378.61						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

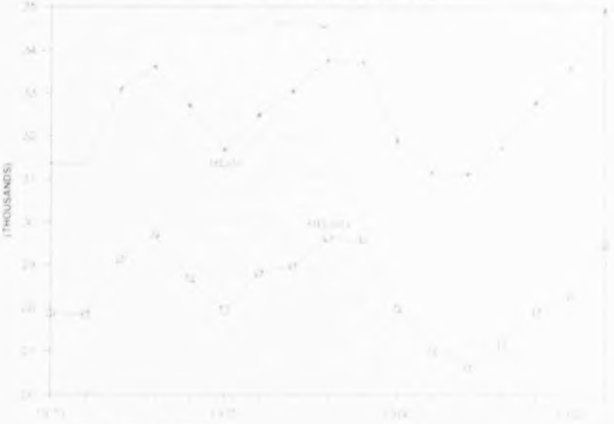
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

ARE THE RICH GETTING RICHER?

Arthur Ayre

U.S. FAMILY INCOME
Mean and Median Income in 1986 Dollars



SOURCE: U.S. DEPT. OF COMMERCE

Occasionally, you hear the statement that "the rich are getting richer and the poor are getting poorer." National statistics published in July by the Department of Commerce support this statement, at least in part and for the period from 1970 to 1986. The statistics show increases in the shares of both high-income and low-income families, and a decrease in the share of families with income in the middle range. Also, there is a strong trend toward "the rich getting richer" (prior to taxes) between 1980 and 1985. These two trends cause a wider, more skewed distribution of family income.

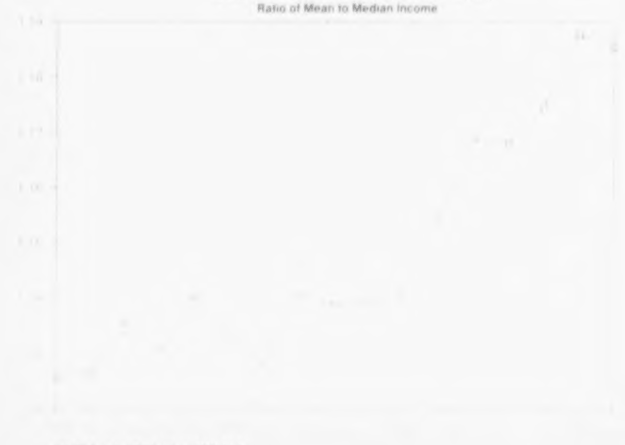
The data used for this analysis were published in "Money Income and Poverty Status of Families and Persons in the United States: 1986." The report contains the "advance data" from the March 1987 Current Population Survey, which is a national survey of 60,500 households. The analysis presented here covers the data for "Families" and does not necessarily imply similar conclusions about the income of "Persons." Also, the "Money Income" figure is calculated prior to the subtraction of federal, state, local, and Social Security taxes, union dues, Medicare premiums, and similar deductions, and does not include capital gains or losses.

Following a substantial, steady rise during the 1960s, real median income declined during the recessionary periods of 1970, 1974, 1980, and 1982. (Median income indicates that half of the surveyed families earn more than this level and half earn less. Mean income is a figure computed by dividing total income earned by all families by the total number of families.) The first graph shows both mean and median income from 1970 to 1986 in real dollars, that is, adjusted for inflation. While real mean income in 1986 is above its peak (1978) level, real median income is not.

The Department of Commerce data consist of the percentage of families in each of eleven income ranges for each year since 1970. Median and mean income data are also supplied. Using this data, we can establish three groups of families: those earning less than 50% of median family income, those earning 50% to 150%, and those earning more than 150%. We used interpolation to allocate percentages in original ranges which straddled the boundaries of the three groups. The results are presented graphically for 1970, 1975, 1980, and 1985. The trend toward larger shares of both high- and low-income families is unmistakable.

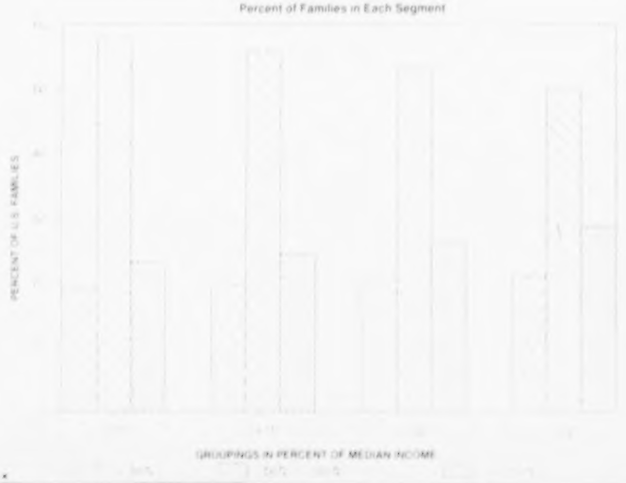
Finally, we can compare the ratio of mean income to median income. When mean income is substantially greater than median income, it indicates that there is a small group of families earning much more than the median income level. When the ratio increases, it indicates that "the rich are getting richer" relative to the majority of families. In statistical terms, it indicates a skewing of the distribution of income toward a larger group of relatively poor families and a small group of relatively rich families. The mean to median income ratio is shown in the third graph. The period of 1980 to 1985 stands out as a period of substantial skewing of the distribution. ☐

U.S. FAMILY INCOME DISTRIBUTION
Ratio of Mean to Median Income



SOURCE: U.S. DEPT. OF COMMERCE

MEDIAN INCOME SEGMENTS
Percent of Families in Each Segment



EMPLOYERS' CORNER - INVESTING IN OREGON'S FUTURE

Dorothy Monnier

INVESTING IN OREGON'S FUTURE. IT'S YOU! IT'S YOUTH! IT'S BUSINESS WORKING WITH GOVERNMENT PUTTING YOUTH TO WORK.

In the June 1987 edition of **Oregon Labor Trends,** my article in the Employers' Corner discussed the new Oregon Youth Conservation Corps (OYCC).

This month Allyson Spencer, OYCC Director, shares with you the success of this program.

"It's not often that I have the pleasure of reporting on a short-term work program that's packed with success stories." This describes the Oregon Youth Conservation Corps, where 410 teenagers, supervised by young crewleaders, dug, pounded, cleared, stacked, caulked, and/or otherwise worked their fingers to the bone.

The 17 crews performed outdoor work, constructed miles of fencing, built scores of gabions (rock structures in rivers and streams), and enhanced salmon spawning beds. They improved the appearance of several state and city park recreational areas, renovated bird habitats and cleared brush and debris, to name but a few of their accomplishments.

Natural resource administrators say the work was invaluable. Many of the tasks performed could not otherwise have been done because of shortages of labor and resources.

The eight-week program gave teens from counties with high youth unemployment a chance to work -- to learn new skills, strengthen self-confidence, and put in a day's work for a day's pay.

Community support for the program grew as the hard work and dedication of the crews was seen. Volunteer support and contributions came forth along with pride in the youngsters at the work accomplished.

The 310 crew members weatherized 8,000 homes, assuring a more comfortable winter for many elderly and low income Oregonians.

At a recent recognition event, Governor Goldschmidt praised the corpsmembers for their good work, saying he would like to see a crew in every county. He also thanked the state, county, city and federal agency people who put the program together at very short notice and who nurtured it to completion.

All the crewmembers took away a newly acquired understanding of the importance of natural resource conservation and preservation as well as how better to serve humanity.

Several people came away with permanent jobs! Three members of the Pendleton Fire Crew have recently been hired full-time with the Forestry Department. BETTER PEOPLE, BETTER ENVIRONMENT, BETTER STATE -- that's what the Oregon Youth Conservation Corps is all about! ☐

NEW CAREERS TABLOID

Oregon Careers, 1987-88 is hot off the press and available free to anyone interested in selecting a career, finding a job, or understanding the Oregon economy.

This annual newspaper contains updated information on over 300 of the most popular jobs in the State, as well as interesting features on the Oregon economy and worklife in the year 2000.

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875 Union St NE
Salem OR 97311

Telephone orders can be made by calling (503) 378-6400.

OREGON LABOR TRENDS

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